



THE DEVELOPMENT OF E-COMMERCE BUSINESS MODELS IN THE BAKING INDUSTRY: A CASE STUDY OF COMPANY J

Chun-Chen Huang

Dept. of Business Administration, Asia University, Taiwan
cchuang1127@asia.edu.tw

Ho-Chien Lin*

Dept. of Business Administration, Asia University, Taiwan
*Correspondence author: great.seeyou@gmail.com

Abstract

In recent years, as modern consumers have increasingly emphasized quality of life, the baking industry has faced intense competition. Consumers have become more discerning, placing greater importance on taste, aroma, visual appeal, and overall sensory experience. This study aimed to examine the impact of brand image on consumer purchasing decisions in the baking industry. A qualitative research approach was adopted, incorporating in-depth interviews with bakery customers and an analysis of marketing strategies used by leading brands. The findings revealed that brand perception played a crucial role in shaping consumer purchase intentions. During the decision-making process, brand image served as a key determinant, particularly when consumers lacked direct product experience. In such cases, they relied on product-related cues and psychological cognition to guide their purchasing choices. A strong brand image not only fostered consumer trust but also facilitated market expansion and contributed to revenue growth. Additionally, the study found that well-established brands provided consumers with a sense of reliability, encouraging repeat purchases and long-term loyalty, the results indicated that a strong brand image conveyed product value, ensured quality assurance, and delivered superior after-sales service, distinguishing a product from its competitors. Based on these findings, it is recommended that bakeries invest in brand-building initiatives, such as consistent messaging, premium product offerings, and customer engagement strategies. Strengthening brand identity and enhancing consumer trust can ultimately help bakeries maintain a competitive edge in the market.

Key Words: Business Model, Bakery Industry, E-Commerce Platform

Introduction

According to a 2023 survey by the Department of Statistics, Ministry of Economic Affairs, the annual output value of Taiwan's baking industry is approximately NT\$60 billion, with desserts alone accounting for over NT\$15 billion. He, X. L. (2024) highlighted that the industry has flourished in recent years, largely due to the strong association between desserts and coffee consumption. The increasing convenience of purchasing coffee from convenience stores has significantly contributed to the expansion of the dessert market, intensifying competition within the industry.

Despite the perceived market saturation of traditional pastries, certain brands have demonstrated remarkable success within a short period. One such example is Company J, widely referred to as the "LV of egg rolls, " which generated over NT\$100 million in revenue within its first year despite having only a few physical stores. This unexpected success has drawn attention from industry experts and raised questions regarding the underlying business model that facilitated such rapid growth. How does a traditional snack transform from an everyday treat into a premium, high-end product? How do emerging brands effectively capture consumer attention and establish a strong market presence despite limited resources?. This study aims to explore the key success factors of such brands by examining their market positioning, brand management strategies, and consumer

psychology. Specifically, it investigates how these companies leverage cultural identity and innovative marketing techniques to elevate a seemingly simple product into a sought-after luxury item. Additionally, this research examines the role of digital marketing in addressing consumer demands for quality and emotional engagement.

By analyzing successful case studies, this study seeks to provide actionable recommendations for traditional food businesses, offering insights into the strategic mechanisms behind brand differentiation and competitive advantage in contemporary markets. Furthermore, it underscores the significant commercial value that Company J has contributed to the baking industry by enhancing operational efficiency and maintaining a strong brand presence. This study employs a business model analysis to systematically explore these factors, providing a comprehensive framework for understanding the transformation of traditional bakeries in the digital age.

Literature Review

As a significant segment of the baking industry, the egg roll market has experienced substantial growth in recent years. The industry has evolved from traditional handmade production in pastry shops to large-scale manufacturing in modern factories, continuously innovating in both production techniques and sales models. The market size is steadily expanding, particularly in the souvenir and

snack sectors, driven by increasing consumer demand and evolving preferences. Several well-known brands currently dominate the market, including Maxim's (Hong Kong), Royal Dansk (Denmark), Shiroy Koibito (Japan), Market O (Korea), San Tung Han Pastry (Taiwan), and Chulu Ranch (Taiwan). Maxim's has established strong brand recognition in Chinese-speaking markets with its long-standing reputation and premium image, making its egg rolls a popular souvenir among tourists. Royal Dansk, known for its European craftsmanship and high-quality ingredients, appeals to consumers seeking premium baked goods. While Shiroy Koibito is primarily renowned for its chocolate biscuits, its chocolate egg rolls have also gained popularity. Market O focuses on health-conscious consumers by offering natural and whole-grain options with reduced sugar content.

Furthermore, stricter food safety regulations present new hurdles for businesses, requiring greater investment in ingredient traceability and compliance with stringent production standards. Consumers' increasing expectations for freshness and extended shelf life have also prompted advancements in packaging technology and logistics efficiency. To address these challenges, companies have adopted various strategies, including automation in production to mitigate labor shortages, product innovation to enhance differentiation, and premium packaging designs to increase perceived value. Additionally, digital marketing has become an essential tool, allowing brands to strengthen their market presence through social media engagement and expand their

e-commerce channels to adapt to evolving consumer behavior.

Business Model

A business model serves as a framework that defines how a company creates, delivers, and captures value. In recent years, it has emerged as a crucial topic in management studies and innovation research. The Business Model Canvas is illustrated in Figure 1.

The concept gained prominence in the late 1990s when the rapid development of the digital economy introduced new challenges, necessitating a more flexible and adaptive approach to market dynamics. While scholars David J. Teece (2010), Christoph Zott & Raphael Amit (2010) have proposed varying definitions, the core essence of a business model lies in outlining the fundamental logic of a company's value creation and revenue generation, encompassing multiple facets of business operations. Liu, X. (2024) proposed a basic framework, emphasizing the interplay between products, services, and information flows, as well as their contributions to a company's potential revenue streams. Subsequently, Osterwalder and Pigneur (2010) advanced this understanding by introducing the Business Model Canvas, a widely adopted analytical tool that deconstructs a business model into nine key components: value proposition, customer segments, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. This framework has been extensively applied in both academic research and business practice as a

Key Partners •Users •SlideShare	Key Activities •Platform development	Value Propositions •Ability to build professional network •Sesrchng and reaching talent •Access to LinkIn database via widgets and APIs •Blogging Platform	Customer Relationships •Self-service •Customer support	Customer Segments •Recruiters •Professionals seeking to network •Marketers
	Key Resources •Platform •Developers and other staff •User-generated content		Channel •LinkedIn website •App Store	
Cost Structure •Platform maintenance and development •Marketing and sales			Revenue Streams •Freemium business model •Hiring solutions •Marketing solutions	

Figure 1. Business Model Canvas

standard model for evaluating and designing business strategies.

E-Commerce

With the rapid advancement of the digital era, e-commerce has become an essential component of the global economy. Scholars such as Liu, S. S. (2021) emphasize the importance of personalized services and user experience in shaping a strong value proposition. Additionally, the omni-channel strategy, which integrates both online and offline

resources, has gained widespread attention as it enhances the overall shopping experience and improves customer satisfaction. Technological innovation remains a central theme in e-commerce research. The integration of artificial intelligence (AI), blockchain, and big data analytics has revolutionized various aspects of e-commerce, from personalized recommendations and payment security to logistics optimization. Chen, C. T. (2022) found that blockchain technology significantly enhances the transparency and reliability of e-commerce transac-

tions, particularly in cross-border trade, by ensuring greater security and trust in financial transactions. Consumer behavior is another critical area of e-commerce research.

Research Methodology

The in-depth interview method is a qualitative research approach widely used in social sciences, behavioral sciences, and market research to obtain comprehensive insights into respondents' perspectives, attitudes, experiences, and emotions. This method allows researchers to explore complex issues through one-on-one interactions, facilitating a deeper understanding of the subject matter. Several scholars have contributed to the theoretical foundation and practical application of in-depth interviews. Angie D. (2016) and Ivan, M. (2016) provide detailed guidelines on designing and conducting effective in-depth interviews. They emphasize the importance of ethical considerations, building trust, and fostering open dialogue to ensure the reliability and validity of the data collected. In this study, an in-depth interview was conducted with the CEO of Company J to explore the strategic business decisions behind the brand's success. The CEO highlighted that health and food safety compliance were fundamental aspects of their product development, serving as key differentiators in a highly competitive market. Initially, the Ba Jie Egg Rolls brand gained substantial visibility; however, Company J adopted a unique market positioning strategy, presenting its product not mere-

ly as a snack but as a premium gift item. The CEO further emphasized the critical role of consumer education, noting that significant effort and investment were required in market communication to enhance brand recognition and consumer awareness. Through strategic messaging and targeted marketing, consumers have come to perceive Company J's egg rolls as more than just a traditional pastry; rather, they are recognized as high-end gift products. This case underscores the importance of precise product positioning in establishing a strong and differentiated brand identity in the market.

Case Study: Company J

Company J is Taiwan's first digital baking e-commerce brand, distinguishing itself through rapid online market recognition and its emergence as a well-known gift brand. Since its establishment in 2017, the company has adhered to the philosophy of "Ba Jie cherishes those who matter," aiming to convey the deep-rooted sentiment of gift-giving in Chinese culture. This vision has enabled Company J to thrive in the gift market while maintaining a commitment to producing preservative-free products, providing consumers with a healthier and safer alternative. To reinforce its dedication to food safety and quality, Company J has obtained SGS, HACCP, and ISO 22000 certifications. Beyond adhering to strict safety standards, the company continuously enhances the customer experience by integrating online and offline sales channels. Consumers can purchase products through the official website, company-owned stores, and

major department stores, ensuring a diverse and accessible shopping experience.

Innovation in the Egg Roll Market

Company J operates as a food manufacturer, e-commerce business, and brand owner, redefining a 500-year-old egg roll tradition by introducing the world's first "Ba-Zi" (figure-eight-shaped) egg roll as a premium gift. What began as a small 9-ping (30-square-meter) store with three manual egg roll machines has since expanded into two professional food factories, exporting products to markets including Southeast Asia, the U. S. , Singapore, South Korea, and Hong Kong. The company's success has been widely recognized by the media, and in 2020, it received the Government's Startup Business Award, solidifying its position as a leader in Taiwan's e-commerce baking industry.

Business Model Strengths and Challenges

This study aims to analyze the challenges faced by traditional bakeries in their business operations and propose practical solutions and strategic improvements to enhance their competitiveness. Despite having already been recognized as one of Taiwan's top ten souvenir brands, Company J was well aware of the intense competition within the traditional bakery industry during its early stages. To differentiate itself and overcome market obstacles, the company focused on strategic marketing and brand positioning as essential compo-

nents of its success. A significant aspect of Company J's differentiation strategy was its decision to prioritize e-commerce over reliance on physical stores. This approach not only allowed the company to reduce overhead costs associated with brick-and-mortar operations but also enabled it to better adapt to market trends and consumer purchasing behaviors. By leveraging digital platforms and data-driven marketing strategies, Company J successfully established a strong online presence, reinforcing its brand identity and securing a competitive position in the premium gift market.

Research Subject

This study selects Company J as the research case, focusing on its business model and strategic development. Since its establishment, all major and minor business activities, planning, and decision-making have been led by the CEO, making the CEO the primary research subject for this study. To conduct a comprehensive analysis of Company J's business model, this research applies the Business Model Canvas framework, which consists of nine key components. By organizing and analyzing the interview questions, an in-depth interview was conducted with the CEO to gain firsthand insights into the company's strategic decision-making, operational model, and market positioning. The primary objective of this study is to utilize qualitative interviews to systematically analyze and evaluate Company J's existing business model, identifying both its strengths and potential areas for improvement. Based on these findings, this

research aims to propose practical recommendations for future business model optimization, providing valuable insights for business management and strategic planning in the baking industry.

Interview Questions

Company J's Value Proposition
Company J's Input: Key Resources
Key Activities, Key Partnerships and
Cost Structure. Company J's Output :
Target Customer Group, Marketing
Channels, Customer Relationships, Revenue Streams.

Interview Findings and Analysis

To analyze Company J's business model, an in-depth interview was conducted with the CEO, focusing on the nine components of the Business Model Canvas. The collected data was systematically categorized and examined to identify key insights, areas for improvement, and strategic recommendations for optimizing the company's business model.

Analysis of Company J's Existing Business Model

This study employs the Business Model Canvas framework to systematically analyze Company J's current business model, focusing on its nine key components: Value Proposition, Input: Key Resources, Key Activities, Key Partners, Cost Structure, Output: Target Customer Segments, Distribution Channels, Customer Relationships, Revenue Streams.

To effectively assess Company J's business model, it is essential to first establish its value proposition, which serves as the foundation of its competitive advantage. Once the value proposition is clearly defined, we can systematically examine the inputs that drive the company's operations, followed by an evaluation of the outputs that contribute to its market performance. The following section presents a comprehensive analysis of Company J's existing business model, drawing insights from the collected research data to identify key strengths, challenges, and areas for optimization.

Value Proposition

The value proposition refers to the unique set of products and services a company offers to fulfill the needs of its target customers. Company J's signature product, the 8-character-shaped egg roll, is strategically positioned as a premium souvenir gift box, establishing clear market differentiation within the baking industry.

Input: Key Resources, Key Activities, Key Partners, and Cost Structure

Key resources are the essential assets a company requires to successfully operate its business model. For Company J, these key resources include: High-Quality Raw Materials – Ensuring product excellence and safety. Specialized Production Techniques – Maintaining craftsmanship while innovating. Strong Brand Image – Differentiating itself in a competitive market. Effective

Marketing Strategies – Leveraging data-driven approaches to reach target consumers. Human Resources – Skilled professionals across manufacturing, marketing, and customer service. Supply Chain Management – Maintaining efficiency from production to delivery.

One of Company J's greatest competitive advantages is its fully integrated operations, which encompass manufacturing, marketing, logistics, retail, and customer service under one roof. This end-to-end control allows for strict quality management and continuous innovation, serving as a key driver of the company's sustained success.

Key activities refer to the core tasks that a business must execute to ensure its model operates efficiently and successfully. To attract consumers to its official website, Company J continuously expands its product offerings, introduces diverse pricing strategies, and launches promotional campaigns tailored to different customer segments. A major strategy that has contributed to brand awareness and market expansion is collaborations with well-known IPs and brands, including Le Petit Prince, Kuai Kuai, Snoopy, and the National Palace Museum. Company J employs thematic marketing initiatives and strategic partnerships to reinforce the cultural and sentimental value of gifting, successfully attracting both new and returning customers. By leveraging data analytics, Company J precisely tracks consumer behavior through: Order history, Website traffic, Purchase habits, Situational

needs, Repurchase cycles, Seasonal trends.

These insights enable the company to effectively segment its target audience, ensuring that personalized advertisements are delivered through its membership system. Instead of blindly investing in ads, Company J refines its marketing approach using data-driven insights. For specific consumer groups, tailored gift sets are introduced, additionally, the company offers fast shipping services for business professionals needing last-minute gifts, enhancing customer satisfaction and brand loyalty. Through strategic adjustments, brand positioning, and refined marketing strategies, Company J effectively segments its target market with precision. By strategically managing these cost components, Company J ensures operational efficiency, cost-effectiveness, and long-term financial sustainability, allowing it to maintain its premium brand positioning while adapting to market dynamics.

Output: Target Customers, Channels, Customer Relationships, and Revenue Streams

Company J primarily targets women aged 28-54, a demographic identified as the brand's key consumer group. To effectively reach this audience, the company strategically places advertisements on Facebook, Yahoo, and LINE. Beyond individual consumers, group-buying organizers represent a substantial market segment. Company J strategically prices its gift boxes at \$480 per unit, making them an ideal choice for

bulk orders while ensuring they remain within corporate budget constraints.

Marketing channels encompass the communication, distribution, and sales channels a company uses to connect with customers and deliver products. As a handmade gift brand from Taichung, Company J gained widespread recognition for its signature figure-eight-shaped egg rolls. Dubbed the "LV of the egg roll industry" by netizens, the company exceeded \$100 million in sales in its first year, maintaining exponential growth in the years that followed. To preserve brand value, Company J deliberately limits distribution channels. Over 90% of orders come from its official website and physical stores, reinforcing its premium brand positioning. To maintain exclusivity, the company has turned down multi-million-dollar orders from major retailers, including Starbucks, to protect brand integrity. Additionally, 50% of Taipei customers order online, but business professionals often require same-day delivery, Company J introduced a same-day delivery service, this service has been highly successful, accounting for 10% of physical store revenue. By closely monitoring market trends and consumer behavior, Company J ensures its marketing efforts remain cost-effective.

Company J's advertising ROI is an impressive 183—for every \$1 spent on advertising, the company generates \$183 in revenue. The company maximizes its marketing efficiency by leveraging real-time data analysis, enabling targeted product recommendations based

on customer shopping preferences and behavioral insights. With a dynamic, data-driven approach, Company J continuously fine-tunes its business strategy, ensuring sustainable growth, profitability, and long-term market competitiveness. By diversifying its revenue streams, Company J effectively mitigates financial risks, ensures steady business growth, and maintains its premium brand positioning.

Conclusion

Company J's core product, the figure-eight-shaped egg roll, has gained significant market appeal due to its premium quality, strong brand image, and cultural significance. As a handcrafted, high-quality gift item, the company has successfully established a refined and trustworthy brand identity within the market. Furthermore, expanding into international markets presents a major growth opportunity. By leveraging the cultural story behind the brand, Company J can attract global consumers interested in Asian food culture, reinforcing its position as a premium brand in the global gift market.

Company J strategically focuses 90% of its sales on its own website and physical stores, with e-commerce serving as the primary sales channel. The company prioritizes continuous innovation and product development, ensuring its strong positioning within the gift market. Pricing strategy plays a crucial role, particularly for group-buying customers. To maintain its premium brand positioning, discount thresholds are in-

tentionally set high, preventing excessive price reductions that could dilute the brand's perceived value. Additionally, many corporate clients have a gift budget limit of 500 TWD, making Company J's strategic pricing of 480 TWD per box an effective approach. to attract bulk corporate orders while maintaining profitability.

References

- Liu, S. S. (2021). A Study of Product Attributes, Perceived Value and Consumer Behavior Towards Online-Shopping Bakery Product. *Journal of Tourism and Travel Research*, 16(2), 3–15
- Chen, C. T. (2022). Key Factors for Successful Micro Entrepreneurship: A Case Study of Baking Industry. *Journal of Tourism and Travel Research*, 17(1), 2–15.
- He, X. L. (2024). Seizing the 60 Billion Baking Business Opportunity. *Economic Daily*. <https://money.udn.com/money/story/5612/7938541>
- Liu, X. (2024). Research on Time-Value- Oriented Business Model Innovation Path in Life Services Enterprises and Its Impact on Customer Perceived Value. *Humanities & Social Sciences Communications*, 11(1), 548. <https://doi.org/https://doi.org/10.1057/s41599-024-03071-9>
- Kvale, S. & Brinkmann, S. (2009). *InterViews: Learning the Craft of Qualitative Research Interviewing*.
- Osterwalder, A. , & Pigneur, Y. (2010). *Business model generation: a handbook for visionaries, game changers, and challengers*. John Wiley & Sons.
- Teece, D. J. (2010). Business Models, Business Strategy and Innovation. **Long Range Planning**, 43(2-3), 172-194.
- Zott, C. , Amit, R. , & Massa, L. (2011). The Business Model: Recent Developments and Future Research. *"Journal of Management"*, 37(4), 1019-1042.
- Parker, G. G. , Van Alstyne, M. W. , & Choudary, S. P. (2016). **Platform Revolution**. W. W. Norton & Company.
- Ahmed, G. (2017). Sovereign marketing: a new strategy of marketing.
- Baidya, M. K. , Maity, B. , & Ghose, K. (2019). Innovation in marketing strategy: A customer lifetime value approach. *Journal of Business and Management*, 25(2), 71-97.
- Angie D. (2016). Using Paired Depth Interviews to Collect Qualitative Data. *Scholarly Journal*, 21(9), 1549–1573.
- Ivan, M. (2016). The Role of The In-

Depth Interview in The
Implementation of The Manage-
ment by Missions (MBM) Model.
Conference Paper, 1(1), 635-644

Li, R. (2021). Shift in consumer goods
marketing strategy network econ-
omy. *Frontiers in Economics and
Management*, 2(8), 109-112.