

Competitive Advantages and Strategies Pertaining to A Rural Distillery's Innovation Activities: A Case Study of Wu- Feng Farmers' Association Distillery

Han-Yu Lai^{*}, Biing-Wen Huang^{**}

After Taiwan joined to the World Trade Organization in 2002, it had to confront major agricultural development challenges. In Taiwan, the authorities encourage farmers' associations to establish rural distilleries and add value to their agricultural products through processing. The development of the aromatic rice industry in Wu-feng District of Taichung City began in 2002 with the support of the Agricultural Research Institute. To increase the competitiveness of the aromatic rice industry, Wu-feng Farmers' Association Distillery was established in 2005, and it innovatively used aromatic rice as a raw material for brewing sake. Since 2012, the products of Wu-feng Farmers' Association Distillery have been consistently rated as premium-level products by the Council of Agriculture through its evaluation of rural wine villages. Therefore, the competitive advantages and strategies of Wu-feng Farmers' Association Distillery warrant further exploration. To this end, this study explores the innovation activities and competitive strategies of Wu-feng Farmers' Association Distillery and proposes suggestions for distillery development on the basis of its empirical results. Research data were

^{*} PhD student, Department of Applied Economics, National Chung Hsing University.

^{**} Corresponding author: Professor, Department of Applied Economics, National Chung Hsing University. E-mail: bw Huang@dragon.nchu.edu.tw

collected from the distillery's employees, supervisors, and customers through a questionnaire survey. The results indicated that the distillery must increase meal services related to sake. This study proposes the establishment of a second factory to develop new products that incorporate the advantages of various raw materials and to extend the distillery's marketing channels.

Keywords: *Rural Distillery, Wu-Feng Farmers' Association Distillery, Innovation Activities, Competitive Advantage, Strategy*

JEL Classification: *L25, Q13, R12*