

A Typical Case Study of Investment in Agricultural Projects - The Case of Mokumoku Farms

Tingting Qu¹

¹ School of Economics and Management, Chongqing Normal University, Chongqing, China

Correspondence: Tingting Qu, School of Economics and Management, Chongqing Normal University, Chongqing, China.

Received: April 5, 2025 Accepted: May 12, 2025 Online Published: May 15, 2025

Abstract

In recent years, the scale of investment in agricultural infrastructure construction projects in China has shown a continuous expansion trend, a large amount of social capital into the agricultural sector at the same time, the inefficiency of resource allocation, investment efficiency does not meet expectations and other issues are becoming increasingly prominent. Particularly noteworthy is that some agricultural investment projects due to the lack of risk management mechanism leading to serious losses, exposing the agricultural project investment decision-making system needs to be improved theoretical and practical dilemma. This study adopts the typical case study method, selects Mokumoku Farm in Japan as the research object, and through systematic deconstruction of its development mode, deeply analyzes the coupling mechanism among the core elements, such as project planning, industry integration, risk control and value co-creation. It provides a new analytical framework for agricultural project investment risk management, and also provides a practical path for optimizing China's agricultural investment decision-making mechanism and enhancing the comprehensive benefits of agricultural projects, with a view to providing reference for agricultural project investment management.

Keywords: agricultural project investment, risks, countermeasures, Mokumoku farms

1. Introduction

As a large agricultural country, the issues of agriculture, rural areas and farmers have always been fundamental to the well-being of the nation, as well as to the stability of society, the wealth of the country and the rejuvenation of the nation. The key to facing the three rural issues, improving the living standards of farmers and developing agricultural production is to develop comprehensive agricultural production capacity and increase support for investment in agricultural projects. As the country's financial strength continues to grow, national policies are beginning to favour the countryside, adhering to the priority development of agriculture and rural areas and accelerating the modernization of agriculture. In order to vigorously promote the modernization of agriculture and rural areas, efforts must be made to strengthen the construction of agricultural projects and increase investment in agricultural project construction. As the scale of investment in agricultural project construction is expanding, it plays an important role in the development of rural economy and the construction of new countryside, but there are some problems in the process of management and use of the project, which affects the effect of project investment and does not enable the agricultural construction project to play the maximum benefit, therefore, the article takes Mokumoku farm as an example as a reference for agricultural project investment.

2. Case Background

Mokumoku Farm, with the theme of “nature, agriculture, and pigs,” is a new type of agricultural-themed idyllic complex that combines agricultural sightseeing programs, agricultural knowledge education, agricultural product demonstrations, gourmet food, agricultural product shopping, and resorts. In 2016, it won the “Special Prize of Regional Innovation Competition” in Japan. Mokumoku Farm, as a world-wide demonstration of the integrated development of rural culture and tourism industry, has become a model for other countries to study and learn from. Through the in-depth analysis of Mokumoku Farm, the article provides a reference for the investment and development of agricultural projects and rural revitalization in China.

2.1 Seize on Policy

In the 1990s, under the support of Japan's rural policy, Japan's regions vigorously develop the tourism industry. 1992, Japan's Ministry of Forestry and Fisheries began to implement the green tourism program. Subsequently, a

variety of agricultural leisure activities have been launched, so that green tourism agriculture has become a new industry in Japan's national economy. At the end of the 1990s, Japan introduced relevant laws and regulations for this purpose, and under the support and protection of the law, all kinds of green agricultural activities have been carried out one after another, bringing new economic growth points for local governments in Japan. Shu Kimura sensitively grasped the relevant national policies and invested in the establishment of the Mokumoku Farm project in conjunction with local manufacturers^[1].

2.2 Demand Insight

After the 1950s, driven by industrialization, the development of urbanization in Japan entered the fast lane, and the population, enterprises, universities and other resources continued to flow to the big cities, forming what is widely known as Japan's three major metropolitan areas. Until 2017, Japan's urbanization rate was as high as 93.02%, ranking the highest in the world, and only the three major metropolitan areas gathered more than 70% of Japan's population. With such a high rate of urbanization, more and more city dwellers aspire to an idyllic life in the countryside and want to be in close contact with nature, and Mokumoku Farms has seized on this demand orientation to establish idyllic farms^[2].

2.3 Market-Oriented

Family tourism has always been the mainstay of holiday travel. When leisure agriculture is superimposed on parent-child and family tours, "back-to-nature" tourism products are especially popular, and Mokumoku Farm has seized this market demand, leading the upgrading of the industry with creativity, and guaranteeing detailed and comprehensive services and precise marketing, so that it can personally interact with people without losing the fun of the countryside, and realize the transformation and upgrading of the agriculture industry. realizes the transformation and upgrading of agriculture^[3].

2.4 Functional Partition

Mokumoku Farm has set up four functional zones with different themes according to the characteristics of different natural landscapes in the area, which can provide a full range of services for tourists. While most farms in the past adopted a continuous layout design, the layout design of this farm does not adopt this form, but rather a point-like layout, with one functional area in the center of the project and the remaining functional areas on the outside of the core area, forming a tour route that takes into account both directionality and randomness. This layout design approach is characterized by certain features, placing the main body of operation in the leisure experience business. The operation mode of the farm adopts the form of multi-form business point, which can promote the integration of purposeful and random consumption, and also create good conditions for the realization of multiple consumption and obtaining greater economic returns.

In the core experience area, Mokumoku Farm focuses on activities such as handicrafts and animal feeding experiences. Visitors can use the farm's own ingredients to make handmade products. In addition to this, the farm also offers tours of all the local beer workshops, ham and sausage workshops, and so on, where visitors can watch the entire production process. On top of that, there are also venues with different themes and a wealth of activities and experience programs, such as the Creative Pavilion with the theme of pigs, barbecued pork, sausages and so on. In the recreation area, there is an accommodation area, piggy training park and so on. The design of the houses in the accommodation area is very childish, and the overall style is of fairy tale type. The interior decoration of the houses is very cute and colorful. Meanwhile, the name of each house and its unique shape are related to the products or ecology of the farm. The whole dormitory area emphasizes the friendly relationship between human and nature and conveys the concept of ecological protection through the construction of small scenes and the participation of children. In the piggy training park, the keepers drive the piggies to the park at a fixed time every day, so visitors can have close contact with the piggies, and the keepers will also organize various piggy performances from time to time, which is closer to the theme of the farm's harmonious coexistence between human beings and nature. In the food area, there are specialty farm restaurants, barbecues, cafes and more. All food ingredients and raw materials are obtained from farms or local farmers' homes. In the food zone, city dwellers can taste a variety of authentic flavors of the countryside, satisfying people's appetites for rustic and all-natural cuisine. In the commercial shopping area, the entrance to the farm has a comprehensive commercial shopping area such as a vegetable market and a small farm commodity store. Vegetable market is one of the hot spots in the commercial area, which provides fresh fruits and vegetables for the farm restaurants and local restaurants and promotes the development of the local economy due to the co-management and operation of the vegetable market by the farmers around the farm and the vegetable market. All products in the vegetable market are labeled with the name and photo of the grower, so that consumers can fully grasp the cultivation of vegetables^[4].

2.5 Innovative Models

The sixth industry is a concept put forward by experts from the University of Tokyo in the 1990s in response to the dilemma faced by Japanese agricultural development. “1+2+3” is equal to 6, and “1×2×3” is also equal to 6, which is the connotation of the sixth industry, i.e., to realize the integration of the primary, secondary and tertiary industries, enhance the added value of agricultural products, and increase the income of farmers by encouraging farmers to engage in multiple businesses, not only in crop cultivation, but also in the processing of agricultural and sideline products and the sale of diversified services. and tertiary industries, enhancing the added value of agricultural products, raising farmers' incomes, and gradually promoting the transformation of the primary industry into a comprehensive industry, thus opening up space for the sustainable development of agriculture and the countryside. The business model of Mokumoku Farm in the article is to combine planting, processing, sales and rural tourism services, constructing a complete industrial chain integrating planting, processing and sales, and leisure experience, and is positioned by the Japanese academia as the birthplace of the sixth industrialization in Japan^[5].

3. Development Experiences

3.1 Industrial Integration

Mokumoku farm in the “no scenery, no antiquities, no history” of the “three no” conditions, to create a complete integration of agriculture, culture and tourism industry chain, out of a differentiated development path. The development of field complex project should follow the basic principles of time, place, and person, combine with the regional industrial base and natural and human resources endowment, and choose the development path suitable for itself. At the same time, we should accurately consider and judge our own “advantage points”, ‘differences’ with others and the “needs” of the community. Only by “three points in one” can we create characteristic brand products, and then realize the “three steps” of production, life and ecology, the “three industries” of primary, secondary and tertiary industries, and the “three industries” of agriculture, culture and tourism. Agriculture, culture and tourism are “three in one”.

3.2 Geographic Location

Although Mokumoku Farm is not strategically located, it is backed by the Osaka metropolitan area, which gives it a large locational advantage and market potential. Compared to the micro-level topography and geomorphology, the larger geographic location is more important. Many examples of trying to create similar idyllic farms have focused too much on topography and geomorphology, often failing to consider the larger location conditions when choosing a site, and lacking a clear judgment of the potential market, making it difficult to develop sustainably. Along with the reverse urbanization of consumption and the suburbanization of industry, the location and development of idyllic complex projects need to focus on playing the role of city clusters and metropolitan areas.

3.3 Featured Experiences

Mokumoku Farm features parent-child and family tours, with families with children under the age of 12 as the main customer group, emphasizing children's participation and sense of experience, and placing great importance on the detailed design of purchasing and experiencing scenarios to create a good and comfortable atmosphere for children to experience. While building an idyllic complex, it digs deep into every key node of scenario and leisure in agricultural production and manufacturing, fully combines tourists' sightseeing experience with production, processing and sales, and creates a series of special projects for tourists' sightseeing, participation and experience, so as to realize tourists' immersive consumption.

3.4 Clarified Management

The design of Mokumoku Farm includes a nursing room for mothers and babies, a unique product packaging design, a variety of activities, and an environmentally friendly philosophy, all of which reflect the farm's meticulous management and attention to detail. In addition, the farm also has vending machines, so there are no toys or rich nightlife in the city, but only a simple idyllic life, and all of these details reflect Mokumoku Farm's “craftsmanship” in striving for excellence. The focus of an idyllic complex is on the multiple-consumption customer market, and the operational details fully determine the project's reputation and revisit rate.

3.5 Cooperation with Farmers

Mokumoku Farm works with local farmers, using the farm as a gateway to consumption, and to a certain extent, this has led to the active participation of local farmers and the promotion of coordinated regional development. Mokumoku Farm's themed restaurants and lodgings all have the participation of local farmers, and some of the ingredients used in the restaurants come from fruits, vegetables and livestock grown by local farmers, and many

of the “farm dishes” are also made by local farmers, while the lodgings are decorated in a style similar to that of local farmers' homes. In terms of accommodation, the farm's accommodation is also decorated in a style similar to that of local farmers, and many of the lifestyles and habits are based on local folkways and customs. While creating an idyllic complex, the interests of local farmers are fully taken into account, and farmers are supported and encouraged to participate in the construction and operation of farms in a variety of ways, so that farmers can become one of the main bodies of the farms, and industrial co-promotion, brand co-construction, environmental co-management, and dividend-sharing are promoted, so as to maximize the promotion of the changes in the way of daily life of the farmers, the way of agricultural development, the way of rural governance, as well as the way of increasing the farmers' incomes.

3.6 Sales Transparency

Compared to other farms, Mokumoku Farm is not so much a themed specialty store as it is a platform for displaying healthy and specialty agricultural products. It not only allows visitors who have experienced the farm to purchase the products of their choice through its direct sales stores and online store, but also provides opportunities for displaying healthy specialty agricultural products in the surrounding area, allowing customers to “see and feel” and dispel all kinds of concerns, and at the same time, word-of-mouth publicity through the membership system creates a positive effect of “one by one, ten by ten”. At the same time, word-of-mouth publicity of the membership system creates a positive effect of “one to ten, ten to a hundred”.

4. Existing Issues

Investment in agricultural construction projects in China has improved basic agricultural production and living conditions, enhanced the comprehensive production capacity of agriculture and provided strong support for the sustainable development of agriculture. However, the current level of management of investment in agricultural construction projects in China is not yet able to adapt to the needs of building modern agriculture and realizing sustainable agricultural development, or to meet the needs of building a new socialist countryside, and has become one of the important factors restricting the effectiveness of investment in agricultural construction projects.

4.1 Underinvestment

The importance of agriculture and its special characteristics dictate that the Government must support and protect it. The construction of agricultural projects in China, especially the construction of agricultural infrastructure, is particularly weak, and the Government invests a large amount of money every year in the construction of agricultural facilities, but because of the asymmetry between the amount of money invested in agricultural construction projects and the actual needs of agricultural economic development and construction, financial investment in agriculture is still insufficient in terms of the total amount of investment, the structure of the investment is unreasonable and unstable, and it is difficult to guarantee local matching funds. Especially in the relatively poor areas of economic development project investment is insufficient, resulting in a lot of agricultural project facilities aging, deterioration of agricultural production conditions, the ability to withstand natural disasters decreased, it is difficult to provide sustainable security for agricultural production^[6].

4.2 Poor Quality

The construction of agricultural facilities plays a driving and supporting role in agricultural and rural economic and social development, and is an important element of new rural construction and rural revitalization strategies. At present, the construction of agricultural and rural infrastructure is generally characterized by the lack of a relatively sound management system and operating system. This has led to problems such as poor project construction quality and low utilization efficiency, making it difficult for the project to play its role. After the completion of the project construction on the project's later operation and management work lacks sufficient attention, the lack of operation and management measures, lagging behind, resulting in the completion of the construction of the project in the use of the process of all kinds of problems, a serious impact on the service life of the project, reducing the use of the project's efficiency^[7].

4.3 Insufficient Investment in Science and Technology

China's financial investment in agricultural science and technology is one of the important factors to promote the development of China's agricultural and rural economy^[8]. At present, China's agricultural science and technology investment is mainly by the government financial support, although the government financial investment in agricultural science and technology is growing, but the growth rate of agricultural science and technology investment is less than the growth rate of gross agricultural output value, agricultural science and technology investment in general presents the lack of investment, which restricts the enhancement of agricultural science and technology innovation capacity and the transformation of agricultural scientific and technological achievements^[9].

5. Suggestions

5.1 Building Long-Term Investment Mechanisms in Agriculture

The No. 1 document of the Central Government in 2021 pointed out that “by 2025, the modernization of agriculture and rural areas will have made important progress, the modernization of agricultural infrastructure will have reached a new level, the convenience of rural living facilities will have been initially realized, and the level of equalization of basic public services in urban and rural areas will have been significantly improved”^[10]. To achieve this planning goal, the key lies in the construction of a long-term agricultural capital investment mechanism, from the national level to scientifically design the long-term planning of investment in agricultural projects, from the grass-roots level to put forward the specific needs of investment in the construction of agricultural projects, to carry out a scientific division of labor for the project, to clarify the functions of the central government and the local authorities, and to implement a scientific and transparent project management process. At present, some rural areas are relatively economically backward, and in the light of local conditions, the State's financial expenditure policy should be adjusted according to local conditions, and county and sub-county support should be gradually reduced or eliminated. Strengthening the management of agricultural inputs, improving the corresponding fund supervision and management mechanisms, ensuring the effective operation of agricultural project construction, improving the efficiency of agricultural and rural project construction and enhancing the effectiveness of fund utilization.

5.2 Strengthening Quality Management and Improving Efficiency

Agricultural project construction investment is a large-scale agricultural infrastructure projects, should establish an effective coordination mechanism and sound organizational leadership system, improve the project management process and management system, improve the supervision system of agricultural project investment, to promote the healthy and orderly operation of agricultural projects in the project design, construction, facilities management and other phases, to improve the quality of the completion of the agricultural capital projects, and to improve the investment efficiency and effectiveness of the agricultural project construction. investment efficiency and effectiveness^[11].

5.3 Strengthening the Science and Technology Service System

With the deepening of agricultural modernization, China's agricultural development is facing the problem of agricultural science and technology innovation more prominent, the way out of agriculture in the modernization, agricultural modernization is the key to scientific and technological progress. We must pay more attention to and rely on the progress of agricultural science and technology than ever before, and take the road of connotative development^[12]. The basic, public welfare and long-term nature of agricultural science and technology determines that governments at all levels should assume the responsibility of being the main investor. Therefore, governments at all levels should strengthen their investment in agricultural science and technology, ensure that the growth rate of financial investment in agricultural research is not lower than the growth rate of financial expenditures in the same period, focus on supporting public welfare agricultural research institutes and colleges and universities to carry out basic, cutting-edge research, promote agricultural science and technology innovation activities, focus on strengthening scientific and technological innovation and popularization, strengthen the construction of the agricultural science and technology service system, and accelerate the promotion of agricultural science and technology research and development and application. popularization and application.

6. Conclusion

In 2017, the central document No. 1 for the first time put forward the concept of field and garden complex, support the construction of rural villages with conditions to farmers' professional cooperatives as the main carrier, so that farmers can fully participate in and benefit from the set of recycling agriculture, creative agriculture, agricultural experience and the topic of the field and garden complex, through the comprehensive development of agriculture, comprehensive reform of rural areas, transfer payments and other channels, to carry out the pilot specification. “Agriculture + culture and tourism + community” this new type of complex development, has become an important way to promote the development of rural industry.

Projects such as the Mokumoku Farm can not only promote the development of the local agricultural industry and the employment of farmers, but also effectively promote the integration of local industries, forming a sixth industry in the form of an idyllic complex. The government and investors should give strong support to such projects, so that urban residents can really experience the idyllic life and enjoy the pleasure of family tourism, optimize the structure of the agricultural industry, ease the employment of rural laborers, and promote the income of farmers in the process of cultural and tourism integration. Based on customer demand, actively update the way of business

philosophy to meet the customer's personalized service needs. Whether it is from the perspective of urban tourism development, or the structural adjustment of the agricultural industry and rural revitalization, have a very positive role for China's rural revitalization, integration of the three industries, the structural adjustment of agricultural products have valuable experience can be learned. Agricultural project investment is exactly what needs to be invested into the project, so that the limited funds invested in useful projects, so that useful projects to drive the revitalization of China's agriculture, and then lay a solid foundation for the cause of rural revitalization in China.

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