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From Pesticides to Produce: a Csv Strategy of Vertical Integration and Embeddedness in Taiwan's Retail Sector

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Abstract

This paper examines the successful entry of Sinon Corporation, a Taiwanese pesticide manufacturer, into the highly competitive supermarket industry—a sector where many experienced foreign retailers failed. While seemingly a novice in retail, Sinon leveraged its core competencies to build a thriving supermarket chain, Funcom Supermarket. This study analyzes Sinon's strategy through the theoretical lenses of Creating Shared Value (CSV), vertical integration, and social embeddedness. Through a case study methodology, we argue that Sinon's success is not attributable to a single factor but to the dynamic interplay between its vertically integrated business structure and its deep-rooted social embeddedness with farmers and local communities. The vertical integration from pesticide production to retail enabled the creation of both social value (food safety, stable farmer income) and economic value (brand trust, cost efficiency). This structure was effectively implemented and sustained by the high degree of trust and partnership cultivated over decades through its core pesticide business. This research concludes that the virtuous cycle between this business "structure" and social "relationship" forms the core of Sinon's sustainable CSV strategy, offering significant implications for businesses seeking to enter new markets by addressing social challenges.

Keywords: Agribusiness; Case Study; Corporate Strategy; Supply Chain; Sustainable Business.