

Analysis on China Cross-Border E-Commerce Under COVID-19

Shiqin Song

Pinewoodprep School, South Carolina 29483, the United States
*Corresponding author. Email: shiqin.song@pinewoodprep.com

ABSTRACT

Cross-border e-commerce refers to an international business activity in which transaction subjects belonging to different customs enter into transactions, conducting payment and settlement through e-commerce platforms, and deliver goods and complete transactions through cross-border logistics[4]. This article mainly describes the losses suffered by cross-border e-commerce under the COVID-19, the future development trend, and the advantages of taking China's cross-border electronic commerce as an example to make cross-border electronic commerce.

Keywords: Chinese Cross-border e-commerce, the Covid-19, international business

1. INTRODUCTION

As the trade between countries is increasing, more and more people have found the business opportunities. As a mainstream market, cross-border e-commerce has become more and more well-known, but there is no clear concept. I want to introduce the cross-border e-commerce market in this article. For studying cross-border companies, I will analyze their current situation, existing advantages and the reasons they need attention. At the same time, understand the future development trend of cross-border companies from different perspectives. As the trade between countries is increasing, more and more people have found the business opportunities. As a mainstream market, cross-border e-commerce has become more and more well-known, but there is no clear concept. I want to introduce the cross-border e-commerce market in this article.

2. THE ADVANTAGES OF CROSS-BOARDER E-COMMERCE

Data show that the rebound in global trade this year is much faster than that of the 2008 financial crisis, which has not only boosted many sectors of the global economy, but also made cross-border e-commerce, which is more dynamic, a focus of attention for all countries. Industry insiders believe that governments should strengthen coordination in developing cross-border e-commerce and explore the formulation of global rules to contribute more to the future recovery of

global trade[5]. Let me give you an example that most of people know about: cross-border company Amazon. First of all, their CEO has become the richest man in the world, which shows that the development of cross-border companies is very obvious. Secondly, in the first quarter of this year, Amazon's online sales soared by 24%, the fastest growth rate in 4 years. Compared with the first quarter of 2019, Amazon's first-part sales more than doubled, although part of the quarter was affected by the epidemic. Amazon's CFO Brian Olsavsky said: "Since early March, our customer demand has increased significantly. It is especially suitable for household daily necessities and other basic products such as health, personal care, groceries, and even home office supplies. At the same time, the demand for non-essential items such as clothing, furnitures and wireless products has declined. The huge demand growth has brought major challenges to our operating network." As customer demand began to surge in early March, the growth in the first quarter indicates that the second quarter is expected to grow even higher. At the same time, the company has taken measures to reduce the sales of non-essential items by deleting features such as product recommendations on the site. So even though this epidemic has damaged many companies, the sales volume of Amazon, a cross-border e-commerce company, has increased, which also shows the advantages of cross-border e-commerce: operability and adaptability.

3. THE EXAMPLES OF CHINESE COMPANIES

In recent years, cross-border e-commerce has gradually become a new driving force affecting the global economy, and the implementation of the "One Belt And One Road" initiative also provides new opportunities for the development of cross-border e-commerce in China[6]. An example of Chinese cross-border industry: Aoji E-commerce is a cross-border e-commerce company based on the supply chain of high-quality Chinese brands. The company's business involves multiple e-commerce platforms. It has independent self-built websites in small European languages such as German, French and Spanish. It is also available on eBay, Amazon, and AliExpress. Third-party international platforms such as Tong, WISH, Tmall, JD.com have opened stores, and the business covers more than 200 countries and regions including Germany, France, Italy, Spain, Portugal, the United Kingdom, Russia, Japan, Canada, and the United States. The business categories cover digital Electronic series, photographic equipment, bridal clothing, fashion clothing, car, home, etc. In addition to its own brand of "AUKEY", Aojie E-commerce also owns independent website brands such as efox, coolicool, antelife, etc. It is a big seller on Amazon and has achieved remarkable results. Recently, one of its electronic product brackets won the best design award of 2017 by foreign media! This cross-border company is worthy of our understanding and learning now. It is not like those large companies that set up their own platforms and rely on among those big companies, open their own stores on their platforms. Such an operation method can not only reduce losses and company operating costs, but also obtain a certain amount of sales.

4. THE DISADVANTAGES OF CROSS-BOARDER E-COMMERCE

With the development of cross-border e-commerce, the biggest pain points are logistics and overseas warehouses. Only when the circulation of goods is up to date and tracking becomes intelligent, the problems of cross-border e-commerce will be basically solved. In addition, localization service of the platform is also a problem of platform rules. It requires our sellers to timely follow the policies to overcome these problems. With the continuous saturation of single platform and fierce competition, small-language e-commerce is becoming more and more popular among sellers, becoming a blue ocean market. And also gradually form a multi-platform sales model. Multi-platform mode makes full use of resources, of course, the operation cost is increased, but relatively speaking, it is to increase the cost and make greater use of it. Overseas warehouses can be shared, multi-channel products can reduce the risk of stock hoarding, personnel allocation is fully

deployed, GMV is greatly improved, which plays a positive role in promoting the development of the enterprise. In general, currently, cross-border e-commerce is developing well, and many service environments still need to be optimized. Multi-platform and small languages are becoming the development trend. This is an example of a cross-border e-commerce business going bankrupt: Yousef company. On March 16, 2017, Yousef issued an announcement saying that "the server was attacked by malicious network attacks, which caused the website to crash and unable to be used. Unable to recover after emergency repair, the company decided to close after consultation. The website claims to provide a full range of services for cross-border e-commerce exporters, including platform, product selection, procurement, quality inspection, sales, inventory, logistics and after-sales, etc. It seems that as long as the money is given, the rest of the work can be completed by the platform. However, as powerful as Amazon, it also spends a lot of time and money to build the platform and logistics. Therefore, the sale and borrow network may be essentially an empty shell, the services provided need to be completed by a third party, they earn the difference. In fact, many of them make money as cross-border export platforms, and many service providers also make money. The key is to establish their core competitiveness.

5. THE CURRENT SITUATION

In this era, with the impact of the global epidemic, the economies of most countries in the world have been hit to a certain extent. According to data released by IMedia Consulting, the scale of cross-border e-commerce transactions in China has been increasing year by year since 2016, reaching 10.8 trillion yuan in 2019 and 10.3 trillion yuan in 2020. According to a report published by Marketplace Pulse at the end of 2019, there are nearly 3 million active sellers in the global Amazon market, of which 42% are in China, which means there are 1.26 million active sellers in China on Amazon platform. Each store is a story, and each story is full of bitterness. In the past few months, most cross-border e-commerce enterprises have experienced a series of difficulties, such as delayed resumption of work, rising transportation costs, cancellation of orders and drastic changes in overseas market demand. Here is a story happened in the China during the covid-19. In early March, A Company from Shenzhen, called Baiyi Logistics, shipped a shipment of amazon e-commerce goods weighing up to eight tons to the UK. Who knows, the goods are still on the way to the domestic warehouse, the company founder Xu Lu Mei suddenly received the notice of the air agent: "the freight rate to go up, up 16 yuan per kilogram." On the other hand, the shipping space is booked one week earlier, and the price has been fixed with the customer. The difference can only be borne by the company.

"When prices go up, you lose money. This one alone lost \$128,000." Xu Lu Mei said, this is the company's recent loss that is the most ruthless. However, due to the recent frequent fluctuations in international freight prices, losses were the norm throughout March, with almost every shipment losing money. In the long chain of global economic and trade exchanges, including international freight forwarders, truck fleets, customs brokers, shipping companies, airlines, ports, airports and many other links. As COVID-19 spreads around the world, all companies involved in cross-border logistics face a very unknown future and have to face the cruelest test. Among other cross-border goods markets, a seller of bags and kitchen appliances in Shenzhen told reporters that orders had dropped significantly since early March. According to his knowledge, among the local peers, the sales volume of main products such as luggage and bags, bluetooth headsets and automotive supplies fell by 50%-80% in the same month. In general, the epidemic has had a great impact on cross-border companies, especially some small cross-border companies, whose sales have been seriously affected.

6. FUTURE DEVELOPMENT

For the future development of cross-border companies, the Chinese government has also given corresponding policy support. Regulatory policies for cross-border electronic commerce retail import after the transition period: China will adopt a new regulatory model of cross-border e-commerce retail import after the transition period from January 1, 2018. Approved by the State Council, the supervision mode of cross-border e-commerce retail import will be generally stable at the present stage, and the supervision of cross-border e-commerce retail import commodities will temporarily be based on personal goods. Cao Lei, director of the China E-commerce Research Center, said that the regulation of trade is the biggest good news, and also makes it clear that the supervision of imported goods in cross-border e-commerce retail is temporarily based on personal goods. It also means that the inspection and quarantine sector has opened a "hole" for e-commerce importers. The supervision mode and measures for cross-border e-commerce retail import will continue to be improved, and the supervision and control of quality will also be strengthened. Compared to physical space, cyberspace is a new space, a virtual but objective world composed of web addresses and passwords. The unique value standards and behavior patterns of cyberspace have a profound impact on cross-border electronic commerce, making it different from traditional trading methods and presenting its own characteristics. In order to promote the development of China's media industry, the first problem to solve is to break the original system, reduce administrative intervention, carry out market-oriented and industrialized reform of the media industry, promote

listing and financing, and adapt to and make full use of the market economic environment. In today's world, large transnational media groups are mainly concentrated in the United States, because the United States is the first country to implement market operation and commercial operation. Therefore, it is necessary for the Chinese government to liberalize excessive control, promote the independent exercise of decision-making and management rights in the media industry, and start the market-oriented and industrialized operation mode, so as to obtain more creative space in product content and gain more freedom in capital operation on the other hand.

7. CONCLUSION

At present, the epidemic has ushered in the second half, how to save themselves is a problem that every enterprise is facing, broaden the sales channels, change the sales model has become the choice of most enterprises. For example, with the rise of live-streaming and other methods, some head enterprises have already harvested the first bucket of gold in the post-epidemic era. With the intensive release of relevant supporting policies by the state, cross-border e-commerce will have a better and better future under the dual effects of policies and consumption trends.

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