

Analysis of the Problems and Countermeasures of the Commerce

Circulation Industry in Jilin Province

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Abstract: Commerce circulation industry and markets are the intermediate link between the production and consumption, the industry and agriculture, the city and country, and all regions. They are the important part of the large-scale production, the decisive power of the economic growth, the factor that can reflect the economic development and social prosperity, evaluate the overall national strength and the citizens' living standard, and show the market economy's maturity. At present, agriculture and industry are major parts of Jilin economic structure. Nevertheless, with the continuous advancement of the market economy, the structures of the first, second, and tertiary industries must be changed gradually. Practice has shown that tertiary industry's proportion is increasingly higher both in the developed and developing countries. The single industrial structure in Jilin Province will be unlikely to fit the social development. Thus, it is vital to realize the importance of Jilin tertiary industry's developing trend as well as its structure. Commerce circulation is a significant part of tertiary industry, and influences people's life. According to the above mentioned the paper mainly discusses the problems existing in the commerce circulation in Jilin Province and proposes corresponding suggestions. Commerce circulation industry refers to commodity circulation and providing services to commodity circulation, including wholesale and retail trade, catering industry, warehousing industry as well as transportation industry etc.

Major problems of Jilin commerce circulation

Due to various reasons, agriculture and industry account for a large proportion in Jilin economic structure. Jilin Province's first job is to ensure the national food safety. Besides, Jilin Province's position in the Northeast old industrial base contributes to its emphasis on industry. However, the economic structure of the first, second, and tertiary industries has gradually changed during the development of market economy. The proportion of the tertiary industry is becoming increasingly higher both in the developed and developing countries. Under this background, Jilin's single industrial structure is unlikely to fit the social development, which means Jilin Province must vigorously develop the tertiary industry and the commerce circulation industry.

The backward operation model of most commerce circulation enterprises. Most enterprises lack the transition awareness and still run in the traditional model, which hampers profit increase and leads to blind expansion and unreasonable structure, such as vacant shops, new constructions in difficulty to invite outside investment. Disordered arrangement of business outlets shackles the market's circulating order; some enterprises extend business time, and the aging facilities become hidden safety trouble. The arbitrary location of the new outlets is out of the control of urban business plan, which stops the urban business from developing in large scale or in special direction. It is urgent for Jilin retail enterprises to

strengthen brand management, to amalgamate, to improve service and supply chain management, etc.

The unbalanced distribution of business outlets and the backward condition of the rural commerce circulation. First, the outlets in urban and rural areas are unbalanced. In cities, large business facilities develop so fast that there exists redundant construction, scant investment and even vacant shops. In contrast, the countryside is short of business outlets, and the business structure there is unreasonable. New businesses lag behind. Chain supermarkets in rural areas tend to exist in name only, because they cannot uniform purchase or uniform distribution.

Second, the districts in cities also develop unevenly. Outlets are crowded in old districts, but sparse or even non-existent in new districts. Big retail enterprises are usually located in the busy district, which causes severe homogeneous competition. Business develops relatively slowly in the new districts. Due to the low occupancy, high cost and low profit, large business enterprises are unwillingly to run in new districts. Without excellent commercial facilities, community convenient stores and community supermarkets cannot meet people's daily needs.

Shortage of innovation and commercial features among small and medium-sized circulation enterprises. Small and medium-sized circulation enterprises are relatively weak and lack of innovation. The problems, such as the shortage of community supermarkets, convenient stores and service outlets, the unreasonable layout, the extensive operational pattern and the single and undistinguished service, hinder residents' consuming demand. Thus it is urgent to promote the commercial influence and cultural connotation. In Jilin Province, there are no such business districts with local characteristics that could exert national or regional influence. Jilin retail business needs an overall advancement in the following aspects: inheriting the traditional northeastern commercial culture, shaping and promoting brand image, leading the fashion and focusing on consumers' lifestyle.

The unclear market positioning of the commerce circulation enterprises. The major problems of Jilin wholesale markets are the unclear channel role and incomplete service function. There are fewer wholesale markets or institutions that can possess all the following functions as exhibition, trade, warehouse, process and distribution. Wholesale organizations are usually in small scale; some are even stands with low cooperation. This phenomenon obstructs the intensive growth of the wholesale industry, and the commerce circulation industry hardly follows the circulation change with e-commerce as its center.

Hotels and catering services facing policy risks. Catering service is commonly facing the following dilemmas: the rising cost of rent, labor, raw materials, water and electricity; food safety; consuming complaints; media exposure; store sales decline; low level of profits. Meanwhile, with the decline of the three expenditures, medium and high-grade hotels and restaurants are in difficult operation. Sized catering enterprises' income falls dramatically. The business in high-grade restaurants, hotels, and cigarette and liquor stores is stagnant. The growth is sluggish, and profits decline drastically. With the adjustment of demanding structure and competitive pattern, the industry is confronting deep reshuffle.

The incomplete policy and system for e-commerce development. In June, 2015, Jilin Commerce Department issued *The Announcement on Expanding Commerce Industry's Online Sale and Accelerating Its Transformation and Upgrading*, which encourages the trade industry to change the marketing mode, to expand sales online and offline with the Internet, and to strengthen the trade enterprises. Yet, this announcement was published relatively late; the implementation of this announcement needs some time. At present, related supporting e-commerce policies on land, tax and logistics, are still incomplete in Jilin Province. The low level of e-commerce application and the shortage of leading enterprises, cause the small-scale e-commerce trade. The rural net development is relatively weak.

The backward condition of the rural logistics system. With the development of e-commerce, the urban logistics is developing fast, while the rural logistics lags far behind. Many rural areas are out of the delivery range, which hugely hinders the online shopping in the rural areas, and even becomes the bottleneck of the rural e-commerce development. In Jilin countryside, the logistics mainly depends on the traditional postal system. Although “S.F. Express, YTO Express, STO Express, ZTO Express, YUNDA Express” and other express enterprises are gradually expanding to counties, they have not reached villages and towns. Express enterprises even do not set outlets in some counties, let alone the villages and towns. This situation restricts farmers from shopping online. The backward logistics also sets a limit to the sale of produce.

Suggestions on developing Jilin commerce circulation

According to The Key Points of Developing Circulation Industry in 2015 issued by the office of MOFCOM, The Announcement on Expanding Commerce Industry’s Online Sale and Accelerating Its Transformation and Upgrading issued by Jilin Commerce Department, The Developing Plan of the Retail Industry in the 13th Five-year Plan in Jilin Province (2016-2020), and The 13th Five-year Plan of Jilin Province (2016-2020), as well as the actual situation and developing trend of Jilin commerce circulation industry, the paper propose the following suggestions.

Changing the ideas, complying with the situation, and following the Belt and Road policy. Administrative departments and administrators (leaders) at all levels should highly emphasize the importance of commerce circulation in the tertiary industry. They should emphasize the commerce circulation in concept, support it in action, and implement related policies. In order to enhance Jilin commerce circulation’s fast and healthy development, all the announcements and policies issued by the upstream authorities should be actively carried out. The Jilin commerce circulation industry should take the advantage of the Belt and Road policy, to expand into the other parts of the country, to develop Jilin economy with outside resources.

Further pushing forward the reformation of the domestic circulation system, and improving the operation model. Central government and CPC’s decisions should be implemented. Some cities should be chosen to initiate the comprehensive reformation of the commerce circulation system. Innovative system in circulation field should be boosted. In order to help fully reform the circulation system, the experience in the market operational mechanism, infrastructure construction, management system should be concluded and spread. It is necessary to further streamline administration and delegate power, transform governments’ function, strengthen the guidance on the interregional circulation reformation, lead the traditional commerce companies to transforming and upgrading, innovate business models, boost the integrated development among chain operation, logistics and e-commerce. Encouraging large retail enterprises to act as agencies of foreign brands, to develop self-owned brands, and to push forward the construction of the brand-consumption center is necessary.

Making strategic layout for the commerce circulation enterprises. On February 29, 2016, the state council approved of the construction of the Harbin Changchun metropolitans in Hei Longjiang and Jilin. This strategy is beneficial to quicken the new urbanization in the two provinces, and further exert Changchun’s and Harbin’s leading role in the metropolitans, and promote the Harbin Changchun metropolitans’ radiation power and competitiveness in the Northeast Asian region.

First, stepping up efforts to thoroughly carry out the layout plan of the urban commercial outlets is important. Commerce infrastructure construction should be taken as a strategic part in the regional economic development. Reforming the land leasehold institution should be reformed; the business

establishment should be under quantitative control; the necessary and advised facilities and should be regulated; the outlets plan should be effectively enhanced.

Second, with the commercial guidance, the commercial enterprises should be led to expanding to the third-tier and fourth-tier cities. Commercial departments should first ensure the implementation of plans, and provide suggestions to the planning departments on making land plan, urban plan, and infrastructure construction plan.

Strengthening the infrastructure construction of the commerce circulation. It is necessary to plan, construct and remodel a group of modern logistics center and distribution center in the central city, trade center, large wholesale markets, and import and export ports. The cold chain logistics of farm and sideline products should be constructed; the facilities on pre-cooling, refrigerating, preservation and transportation, preservation and production should be completed. In order to promote the cluster of the commerce and logistics industry, it is necessary to construct and remodel a group of full-featured commerce logistics parks with the functions of warehousing, sorting, circulating, processing, distributing, and information service. The infrastructure construction of information publication of commerce logistics should be pushed forward.

Supporting the innovation of the medium-sized and small commerce circulation enterprises The Developing Project of the medium-sized and small commerce circulation enterprises in the 13th five-year plan of Jilin Province clearly states the developing direction, major tasks and supporting policies for the medium-sized and small commerce circulation enterprises. The provincial, municipal service platform should be perfected; the network platform connection should be promoted; the steps to construct interconnected national, provincial and municipal network service platform should be quickened. More social forces should be encouraged to public service area; the comprehensive service system including the government public service, market service and guilds' self-discipline service should be gradually built.

Promoting the development of the special wholesale market. Relying on the advantage of industry, resources and commodities, the wholesale market construction that can ensure citizens' life should be encouraged. In key cities, the upgrading and transforming of agricultural products market, markets of clothing, furniture and building materials, electronic communication and second-hand car trade should be boosted. Regional and international market construction for Jilin specialties should be supported, to strengthen the leading and radiating power of the markets of miscellaneous grains and beans, organic rice, ginseng, antler, and fungus delicacies. It is necessary to upgrade the wholesale market of production materials, and perfect the service function of the following markets: steel, wood, automobile and spare parts, coal, chemical engineering, chemical fertilizer and farming assets. The enterprises should be guided to extend to the upstream and downstream industries, and form the integrated service pattern of the supply chain. In compliance with the exploring and opening of the Northeast Asian region and relying on port construction, international commerce wholesale centers are encouraged.

Completing the hotel and catering management. First, guide the catering enterprises to cooperate in depth and length; encourage the capital operation; promote the enterprises to develop various types of chains, such as franchised chains, and directly managed chains. Second, summarize the experience of building net outlets of Jilin "organic breakfast"; quicken the steps to launch "safe breakfast project" to benefit the masses, to help the government win popular support and to enlarge enterprises' profits. Third, grade the national organic restaurants and hotels; fully perform the bridge function of guilds; make efforts to improve the managers and employees' comprehensive quality and the comprehensive level of the soft and hard environment of the catering industry. Fourth, guide the luxury hotels to adjust the managing strategies, open business market, and quicken the steps to transform and upgrade. Fifth, push forward the

development of Jilin cuisine, innovate new dishes, increase the communication between Jilin catering and the national and international catering industry, and expand Jilin cuisine's influence both domestically and internationally.

Vigorously developing e-commerce and integrating online and offline development. First, based on the construction of the national e-commerce model city and the national e-commerce demonstration base, relying on the advantage of the present e-commerce industry agglomeration, cultivate qualified key e-commerce enterprises and form complete service system to support e-commerce trade. Second, according to MOFCOM's "standardizing and promoting e-commerce development plan", declare the second wave of the national e-commerce demonstration base; push the e-commerce to enter into communities, to facilitate the public and solve "the last kilometer problem"; continue the non-profit public welfare training for the e-commerce, train 100,000 people offline, and cultivate more than 150,000 local sellers; further push forward the commerce circulation enterprises to develop e-commerce platform and upgrade the traditional managing mode, to realize the online and offline connection and integration of the stores and the net; spread the new distribution pattern, such as "order online and pick up in stores", "order online and stores send". Third, integrate all the merchant resources of the trade district with the mobile Internet technology; realize the following services as online information inquiry, trade, pay, comment, sharing, safeguarding rights after sale, and public facilities.

Vigorously developing commerce logistics, and constructing rural logistics system. First, strengthen the plan's guidance function, push the experiment of joint distribution in cities, perfect city's logistics distribution service system, and cultivate a group of comprehensive information platform with the function of integrating resources for city distribution. Second, vigorously develop the chain of modern trade outlets in countryside, to drive the construction of the rural logistics system. Third, local governments and large retail enterprises should enter into the rural market, with the advantage of the supply and marketing cooperatives at all levels, develop rural market and construct the logistics distribution system, by cooperation and merge.

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