

The Expansion of International Market of Foreign Trade Manufacturing Through Cross-border Electronic Commerce Under “Mobile Internet Plus”*

Xiaoqing Lei

Xi'an Fanyi University
Xi'an, China 710000

Abstract—Under the economic situation of “New Normal”, the traditional foreign trade manufacturing enterprises, influenced by the continued economic downturn around the world, have faced a sharp increase of pressure on export. Some enterprises even face the survival problem and are badly in need of fostering new competitive advantages. With the constant deepening of the “Mobile Internet Plus”, the new business mode of cross-border electronic commerce in the foreign trade manufacturing becomes an important channel for them to exploit the international market. Through analyzing problems in the process when the foreign trade manufacturing expands the international market by virtue of cross-border electronic commerce, this paper has proposed the operation strategy and suggestion on the trade of cross-border electronic commerce in the foreign trade manufacturing under the perspective of “Mobile Internet Plus”, in order to provide solutions for the foreign trade manufacturing to upgrade and expand its international market through cross-border electronic commerce.

Keywords—*traditional manufacturing; cross-border electronic commerce; expand the international market*

I. INTRODUCTION

Under the new situation of “Mass Entrepreneurship and Innovation” and “Internet Plus”, the traditional manufacturing industry has transformed through foreign trade and provided the service of cross-border electronic commerce. It has not only alleviated the pressures that the demographic dividend at home reduces and the situation of the traditional foreign trade is increasingly tense but also left out many intermediate links in the traditional foreign trade and lowered the threshold of undertaking cross-border trade. At the same time, it has saved the transaction cost and shortened the operating cycle to seek a brand-new profit growth point. The cross-border electronic commerce, with new ideas and patterns, has become a new engine to promote the development of the foreign trade of China’s manufacturing industry and fueled the transformation and upgrading of the manufacturing industry from “Made in China” to “Designed in China” to expand its international

market.

II. THE CURRENT SITUATION THAT THE FOREIGN TRADE MANUFACTURING EXPANDS THE INTERNATIONAL MARKET BY VIRTUE OF THE CROSS-BORDER ELECTRONIC COMMERCE

A. Transaction Scale of the International Market Expanded by the Foreign Trade Manufacturing Through the Cross-border Electronic Commerce

In recent years, the cross-border electronic commerce in the foreign trade manufacturing of China, with a rapid expansion, has formed a relatively large transaction scale and international market scope. In the first half of 2017, the transaction scale of the cross-border electronic commerce of China reaches 3.6 trillion yuan, with a year-on-year growth of 30.7 percent. During the “Double Eleven” in 2017, the international market of the cross-border electronic commerce of the foreign trade manufacturing covers 225 countries and areas. Customers from more than 200 countries and areas rush to purchase the products made in China in the first time. The effect that the traditional manufacturing expands the international market through the cross-border electronic commerce is remarkable. The cross-border electronic commerce has become an important power for the growth of foreign trade manufacturing in China and a vital engine for the innovation-driven development.

The analysis of data in figure 1 shows the growth of import and export trade during 2008 and 2017 and is even prone to decline during 2015 and 2017. On the contrary, except for the sharp declination of the growth rate in 2012, the transaction scale of cross-border electronic commerce presents the trend of vigorous development in general. It is predicted by the Ministry of Commerce that the total sum of the cross-border electronic commerce in 2017 is expected to reach 7.9 trillion yuan, with the comparative growth of 25 percent on moving base. The permeability of the cross-border electronic commerce reaches up to 32.6 percent.

*This paper is founded by the research team of modern service trade of Silk Road Economic Belt (XFU17KYTDA01); the scientific research project of the commercial branch of China Council for the Promotion of International Trade in 2016 (XXHKTB-1645); the project of “special comprehensive pilot reform” of the logistics management in Xi’an Fanyi University..

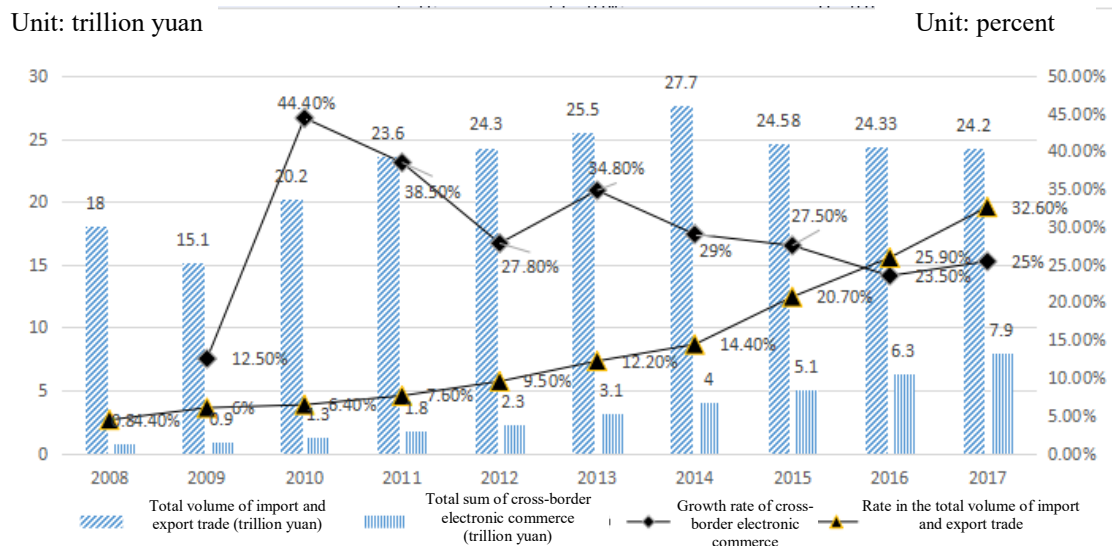


Fig. 1. Tendency chart about the scale of import and export trade and the transaction scale of cross-border electronic commerce of China during 2008 and 2017.

B. The Transaction Mode for the Foreign Trade Manufacturing to Expand the International Market Through the Cross-border Electronic Commerce

The development of the cross-border electronic commerce of the foreign trade manufacturing under the “Mobile Internet Plus” has brought new business opportunities for enterprise at home and abroad. “To Open doors and construct” has brought convenience for the

traditional manufacturing enterprises to rapidly enter the international market. When commodities “Made in China” are exported, we should import high-quality featured products around the world. The transaction mode of the foreign trade manufacturing to expand the international market through the cross-border electronic commerce and the diversified layout of platforms have formed, and the major transaction mode is shown in “Table I”.

TABLE I. COMPARISON TABLE OF THE MAJOR TRANSACTION MODES IN THE INTERNATIONAL MARKET EXPANDED BY THE FOREIGN TRADE MANUFACTURING THROUGH THE CROSS-BORDER ELECTRONIC COMMERCE

Transaction Mode	Representative Website of Electronic Commerce	Transaction Feature	Participant
B To B	Made-in-China net, Alibaba international website	Large volume, small batch, centralized orders	Enterprise and enterprise
B To C	Amazon, AliExpress, Light in the Box	Small volume, multiple batches, face to customers, dispersed orders	Enterprise and customer
C To C	eBay (Competitive bidding of personal belongings)	Small amount of commercial trade	Customer and customer
M To B To C	Jiema website,	Large volume, numerous customers, overseas location	Manufacturer, platform of cross-border electronic commerce, customer

C. Policy Environment for the Foreign Trade Manufacturing to Expand International Market Through the Cross-border Electronic Commerce

The smooth development of the expansion of international market conducted by the foreign trade manufacturing by virtue of the cross-border electronic commerce cannot do without the good macro environment and the support of supporting policies. The dividend policy

released by the government on the cross-border electronic commerce has promoted the foreign trade manufacturing to expand its international market. “Table II” has shown the main policy documents and summary on the cross-border electronic commerce of the foreign trade manufacturing in China in the recent four years.

TABLE II. THE MAIN POLICY DOCUMENTS AND SUMMARY ON THE CROSS-BORDER ELECTRONIC COMMERCE OF CHINESE MANUFACTURING INDUSTRY

Policy Document	Summary
Some Opinions on Supporting the Steady Growth of Foreign Trade	The policy document was issued on May 4, 2014. To take measures in the foreign trade structure, foreign trade environment and policy guarantee to strengthen the competitiveness of foreign trade enterprises. To encourage and support Chinese enterprises to set up wholesale and exhibition centers at abroad.
Some Opinions on Accelerating the Cultivation of New Competitive Advantages in Foreign Trade	The policy document was issued on May 2015. Under the background that the current international environment and domestic development condition have changed immensely, to further promote the development of cross-border electronic commerce and focus on fostering a batch of enterprises that provide the comprehensive services of foreign trade.
Guidance on Strengthening International Cooperation and Improving the Position of China's Industrial Global Value Chain	The policy document was issued on Dec.5, 2016. To comply with the new trend that the service-oriented trend in manufacturing is increasingly obvious in the global value chain, focus on developing emerging service trades related to information and consulting. To actively cultivate the new form of industry for the comprehensive service of foreign trade and provide specialized services for medium, small and micro-sided enterprises.
Guidance on Further Promoting the Construction of National Electronic Commerce Demonstration Base	The policy document was issued on Jan. 22, 2017. According to the "13th Five-year Plan" of electronic commerce and the situation of local electronic commerce and economic development, to give play to the role of the government in guidance and execute innovation in system, mechanism and policy, strengthen the leading role of the market and further stimulate the vigor of demonstration bases and electronic commerce enterprises. It is expected that the number of e-commerce enterprises in demonstration bases will reach up to 100,000, and the number of e-commerce enterprises of incubation will reach 30,000 by 2020, forming the e-commerce cluster district with the interaction between the industrial park and enterprises, the gathering of elements, sound service, cross-regional cooperation and integrative development.
Key Work of "the Belt and Road" Construction Promoted by the Customs in 2017	The policy document was issued on May 2017. To actively promote the construction of "Online Silk Road" and support enterprises to set up overseas locations in logistics hubs along the road and create the large channel of international logistics.

III. MAJOR PROBLEMS IN THE EXPANSION OF INTERNATIONAL MARKET CONDUCTED BY THE FOREIGN TRADE MANUFACTURING BY VIRTUE OF THE CROSS-BORDER ELECTRONIC COMMERCE UNDER THE "MOBILE INTERNET PLUS"

According to the latest report of IAB in September 2017, a total of 75 percent of mobile internet uses worldwide have purchased commodities or services on mobile devices in the past 6 months on average. Obviously, purchasing commodities on mobile devices has become a very common behavior. When expanding the international market through cross-border electronic commerce under "Mobile Internet Plus", the foreign trade manufacturing is facing a series of problems such as how to choose the product type and quality suitable for the transaction mode of the cross-border electronic commerce, the property right dispute, unsmooth customs clearance and logistics. These problems have restricted the rapid development of cross-border electronic commerce of the foreign trade manufacturing under the

"Mobile Internet Plus" and made many enterprises in foreign trade manufacturing shrink back.

A. Problem on Choosing the Product Type

When expanding the international market through cross-border electronic commerce under the "Mobile Internet Plus", the foreign trade manufacturing enterprises should first choose appropriate products because not all the products are suitable for the trade of cross-border electronic commerce. The cross-border electronic commerce of China has experienced 12 years of development from 2005 to 2017, and the "Red Sea" fields of product choice have existed, such as peripheral products of games and battery supply. However, it is estimated that there are still about 55 percent of foreign trade manufacturing enterprises choose products in the "Red Sea" field in 2017, leading to the cutthroat competition at a low profit level.

B. Problem of Product Quality

With the coming of new consumption era, the consumption has upgraded from the 1.0 era of “Able to Buy” to the 2.0 era of “Buy the Good”. The uneven product quality on the online sales platform has become an obstacle for foreign trade manufacturing to expand the international market through cross-border electronic commerce. Bogus products and credit fraud have made people worried about the credit and safety problems of cross-border electronic commerce. Therefore, to expand the international market through cross-border electronic commerce, the foreign trade manufacturing must improve the product quality and cooperate with the third party to guarantee the products if necessary, in order to win favorable comments from consumers through products with super quality and competitive price and the high-quality and honest quality, increase the turnover and the occupation rate of international market.

C. Property Right Dispute Happens Occasionally

On the platforms of cross-border electronic commerce, property right disputes such as the intellectual property is infringed and the bogus products are sold. The phenomena to a large extent are prejudicial to the credibility of the platforms and have impeded the platforms of cross-border electronic commerce to win permanent loyal customers. In addition, the consumers of cross-border electronic commerce will probably face problems that the legitimate interests cannot be protected, the after-sales service is poor and the safety loophole of payments big.

D. Cross-border Logistics Becomes the Bottleneck for Foreign Trade Manufacturing to Expand the International Market by Virtue of the Cross-border Electronic Commerce

Cross-border logistics that connects buyers and sellers at home and abroad has become an important weakness that restricts the development of cross-border electronic commerce of the traditional manufacturing industry. The small orders, high frequency, high cost, long logistics cycle and the troublesome changing or refunding and uncertain factors such as customs seizure and rejection of express have made the defects of the cross-border electronic commerce very obvious. It will be certain to limit the expansion and development of sellers in the long run. Even though the air express is used, the cost of cross-border logistics is very high. Meanwhile, the unreasonable system of cross-border logistics and the unsound logistics infrastructure have restricted the development of cross-border electronic commerce. The efficiency of gathering, packaging, storing and delivering commodities of the manufacturing industry is low and impossible to meet the ever-increasing business needs of the cross-border electronic commerce.

IV. STRATEGIES AND SUGGESTIONS FOR THE FOREIGN TRADE MANUFACTURING TO EXPAND THE INTERNATIONAL MARKET THROUGH CROSS-BORDER ELECTRONIC COMMERCE UNDER THE “MOBILE INTERNET PLUS”

A. To Shape Benchmarking Brand and Enhance the Consumer Experience

Compared with the business model of traditional enterprises, the price and exhibition of products related to cross-border electronic commerce under the “Mobile Internet Plus” are opener and more transparent. When the mobile platforms of cross-border electronic commerce regard the volume of business as the ranking rule and the phenomenon of product homogeneity is severe, to obtain the paid listing, foreign trade manufacturing enterprises will sell commodities with the price that is lower than the cost to obtain more volume of business in the short term. In the long term, enterprises can only further reduce the product quality to lower the cost, which will form the vicious cycle of the production chain. It is necessary to shape the brand image and replace the price competition by brand competition, strengthen the experience of cross-border shopping of mobile consumers of cross-border electronic commerce and create new profit growth point for foreign trade manufacturing enterprises and bring the overall premium effect.

B. To Build a Professional Team of Network Marketing Relevant to Foreign Trade

Compared with the traditional marketing, the network marketing relevant to foreign trade requires marketers to master four aspects, namely the foreign language of the target market, the professional knowledge of international trade, knowledge related to the products of cross-border electronic commerce and network marketing. The marketing team of cross-border electronic commerce in the foreign trade manufacturing under the “Mobile Internet Plus” does not need the large quantity and scale, but the personnel in this team must be excellent and professional. Companies employ “full time plus part time” staffs according to the personnel structure. For example, Dongguan Santone Import and Export Co., Ltd is the first pilot enterprise of the customs clearance mode of “B2C Retail Outlet of Trade on Cross-border Electronic Commerce” of this city. Its marketing team is the model of full time plus part time. Full-time marketing personnel are responsible for the marketing strategy and the frame of advertorial. Part-time marketing personnel are international interns around the world such as America, France and Morocco. On the basis that the frame of advertorial has been built, they express through the local native language and aim at the foreign consumption bbs, having achieved a very good effect. The sales volume of some new product sold by it in a month has reached up to 400,000 yuan.

C. The Foreign Manufacturing Enterprises Independently or Jointly Build “Overseas Location” to Lower the Cost of Cross-border Logistics

One of the obstacles for the traditional manufacturing industry to expand the international market through cross-

border electronic commerce is the unsmooth and low-efficient cross-border logistics. The unsmooth of cross-border logistics is the main reason that makes the cost of cross-border logistics stay at a high level. Therefore, the key to reduce the cost of cross-border logistics is how to solve the problems that the efficiency of logistics is low and the cross-border logistics is unsmooth. The traditional manufacturers newly build overseas logistics distribution center to shorten the distribution time. They can also base on the demand of business volume and independently or jointly build “overseas location”. According to the investigation, compared with the way of retail and direct mail, the cost of “overseas location” can be reduced by 20 percent to 50 percent, and the logistics time can be shortened for 15 to 17 days. Meanwhile, they can enjoy the preferential policy. For example, Guangdong Inspection and Quarantine Bureau has issued the first preference certificate of origin for the “overseas location” of some chemical enterprise in Korea, and the value of goods is 97,400 U.S. dollars, having brought the tariff preference of 6,329 U.S. dollars for this enterprise.

V. CONCLUSION

A series of issues such as the product quality, property right dispute and unsmooth customs clearance and logistics related to the foreign trade manufacturing that aims at expanding the international market through the cross-border electronic commerce under the “Mobile Internet Plus” have been discussed in this paper. These problems have become the main factors that restrict the rapid development of the cross-border electronic commerce of the foreign trade manufacturing under the “Mobile Internet Plus”. It is suggested that the manufacturing enterprises can expand the international market by virtue of cross-border electronic commerce through shaping benchmarking brand, building a professional network marketing team related to foreign trade and independently or jointly building “overseas location”, in order to realize the sound and fast development of the manufacturing industry of China.

REFERENCES

- [1] Chen Caixia, Intercultural Awareness Cultivation in College English Cai Lijuan. Research on the Trade of Cross-border Electronic Commerce Developed by the Traditional Foreign Trade Manufacturing under the “Mobile Internet Plus” [J], *Journal of Commercial Economics*, the 16th issue of 2016 (in Chinese)
- [2] Shen Liang, Dong Qianli. Threshold of Transportation Manufacturing, Opening to the Outside World and the Production Efficiency of Manufacturing Industry [J]. *Economics and Management*, Jan. 2015 (in Chinese)
- [3] Chen Li. How Private Foreign Trade Enterprises to Expand the Export Market [J], *Practice in Foreign Economic Relations and Trade*, Mar.2017(in Chinese)
- [4] Cai Lijuan. Practice and Solution of Huanan Haiyi Company to Realize Brand Operation via Cross-border Electronic Commerce [J], *Practice in Foreign Economic Relations and Trade*, Jun. 2016 (in Chinese)