

Analysis and Strategic Research on Cross-border E-commerce

Development in Sino-European Trade

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Abstract China is the EU's second largest export market and the largest source of imports. China and Europe have a good trade base. E-commerce is widely used in cross-border trade between China and Europe as a new form of international trade. Through in-depth research on the modes, payment methods and logistics of cross-border e-commerce in China and Europe, it is concluded that the self-operated & platform model is the best cross-border e-commerce model for China-Europe comprehensive experience; third-party payment methods It has become more and more popular among users of both parties. Each card issuer should strengthen collaboration, optimize the clearing process, and maximize the user's convenience. In terms of logistics, both parties need to use policy advantages to open up trading barriers for domestic and foreign goods.

Key words Sino-European; Cross-border e-commerce; mode; payment methods; logistics

1 Introduction

With the globalization and extensive Internetization, as well as the high development of China's manufacturing capacity and the rapid improvement of people's consumption level, China's e-commerce has developed over the years, and the current level of development has surpassed the world average. China is the EU's second largest export market and the largest source of imports. The trade between China and Europe is complementary. The leaders of China and Europe have always attached importance to their trade and economic exchanges. Since the modes, payment methods and logistics in cross-border e-commerce are the most important aspects, this paper selects these three aspects for in-depth research, hoping to play an active role in promoting the development of cross-border e-commerce in China and Europe. China and other countries and regions provide reference for cross-border e-commerce development.

2 Research on Cross-border E-commerce Model in China and Europe

At present, e-commerce is no longer purely B2B, B2C and C2C. Many excellent e-commerce platforms are increasingly favoring multi-modal integration under years of market operation. In China-Europe e-commerce, there are mainly two e-commerce operation modes, namely self-operated & platform mode and buyer & platform mode.

In the cross-border e-commerce transactions between China and Europe, the self-operated & platform model represented by Honey Bud and Netease Koala achieved the first place in user satisfaction. The self-operated platform has a high degree of satisfaction. Compared with the traditional C2C purchasing

model, these platforms have relatively sound operating regulations and the quality of the products will be much better. The reason is that the self-operated model requires extremely strong capital operation, and these self-operated platforms are mostly supported by consortia. The financial pressure is small and it is easy to control the entire supply chain. Table1 below shows the top 10 cross-border e-commerce user satisfaction rankings in 2017. It can be seen that the self-operated & platform model is the best cross-border e-commerce model.

Table1 2017 annual cross-border e-commerce user satisfaction TOP10 list

platform	mode	complaint rate	customer satisfaction	total ranking
mia.com	Self-operated + platform cross-border e-commerce	6.29%	5star	1
NetEase Kola	Self-operated + platform cross-border e-commerce	17.57%	5star	2
fengqu	Self-operated cross-border e-commerce	4.77%	4star	3
86mall	Cross-border retail export e-commerce	7.8%	2star	4
ymatou	Buy C2C+B2C platform	5.71%	3star	5
xiji.com	Self-operated + platform cross-border e-commerce	2.02%	2star	6
haihu.com	Overseas official website direct mail	0.72%	1star	7
B&C	Self-operated + platform cross-border e-commerce	1.44%	1star	8
daling	Self-operated cross-border e-commerce	1.37%	1star	9
xiaohongshu	Community-based self-operated B2C	46.49%	1star	10

Source: WWW.100EC.CN

3 Research on Cross-border E-commerce Payment Methods between China and Europe

3.1 Mainstream payment methods for European e-commerce platforms

At present, the mainstream payment methods in Europe are credit card payment and third-party payment methods represented by PayPal. Compared with China, Europe has developed economically earlier, and the banking industry has developed earlier. Therefore, many users choose to pay by credit card when shopping on the e-commerce platform. But a large percentage of these users use both PayPal and credit cards.

Since European countries are more uniform about currencies than other regions, it is relatively convenient to use credit cards. The two settlement channels of MasterCard and Visa add up, and the frequency of use is far beyond that of PayPal. The reason is that the current third-party payment methods are gradually

docked with international card issuers. Third-party payments can replace the role of credit cards when conducting Internet transactions, and have preferential rates. As a result, third-party payments are still growing at a rapid rate, continuing to erode the market for pure credit card transactions. The following table2 reflects the various ways of payment for European e-commerce websites, while Figure1 reflects the usage rates of European payment methods:

Table2 European country e-commerce website payment method statistics

Austria	PayPal (91) , VISA (55%) , MasterCard (53%)
Belgium	PayPal (72%) , VISA (73%) , MasterCard (68%)
CzechRepublic	PayPal (35%) , VISA (45.2%) , MasterCard (41%)
Denmark	VISA (80%) , Dankort (72%) , MasterCard (71%)
Finland	VISA (64.2%) , MasterCard (60%) , VISA Electron (40%)
Germany	PayPal (95%) , VISA (24%) , Softuberweisung (23%)
Greece	PayPal (74%) , VISA (69%) , MasterCard (62%)
Hungary	PayPal (59%) , VISA (56%) , MasterCard (52%)
Ireland	PayPal (84%) , VISA (55%) , MasterCard (46%)
Italy	PayPal (94%) , VISA (49%) , MasterCard (45%)
Norway	PayPal (46%) , VISA (71%) , MasterCard (63%)
Poland	PayPal (60%) , VISA (49%) , MasterCard (46%)
Portugal	PayPal (78%) , VISA (48%) , MasterCard (41%)
Russia	VISA (81%) , MasterCard (79%) , WebMoney (35%)
Slovakia	PayPal (53%) , VISA (58%) , MasterCard (51%)
Spain	PayPal (91%) , VISA (54%) , MasterCard (48%)
Sweden	PayPal (71%) , VISA (89%) , MasterCard (79%)
Switzerland	PayPal (84%) , VISA (61%) , MasterCard (58%)
The Netherlands	iDeal (80%) , PayPal (56%) , VISA (41%)
The United Kingdom	PayPal (80%) , VISA (55%) , MasterCard (44%)
Ukraine	PayPal (35%) , VISA (74%) , MasterCard (64%)

Source: http://www.sohu.com/a/224529957_823158

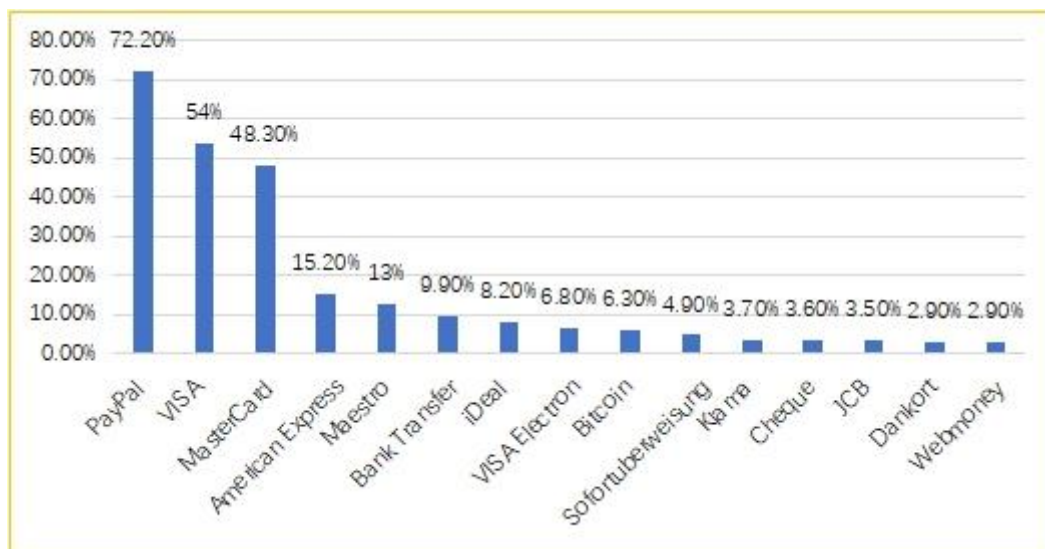


Figure1 European third-party payment method usage rate

Source: http://www.sohu.com/a/224529957_823158

3.2 Mainstream payment methods for domestic e-commerce platforms

In recent years, China's Internet market has grown rapidly, and the abnormal activity of the Internet market will inevitably lead to innovation in payment methods.

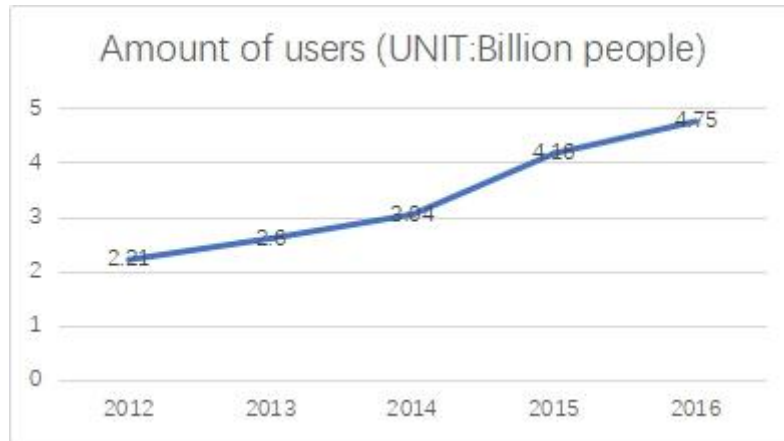


Figure2 China's third-party Internet payment scale statistics

Source: WWW.CHYXX.COM

At present, the growth rate of third-party payment is still very fast. Although the relevant departments have issued a series of policies to ensure the rationality of the development of Internet third-party payment, its growth momentum is still strong. It is expected that in the next few years, Internet third-party payment methods will lead online banking and other payment methods in online shopping.

Figure3 shows the third-party payment size forecast:

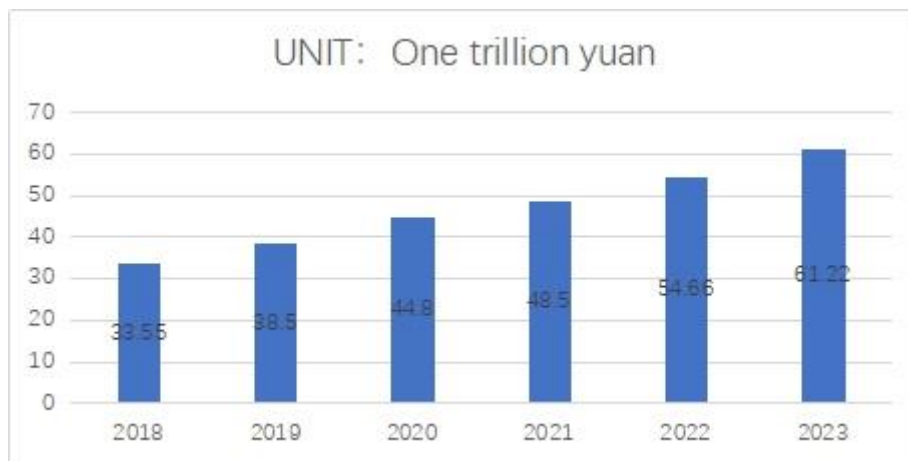


Figure3 Third-party payment size forecast

Source: WWW.CHYXX.COM

3.3 Future trends in payment methods for e-commerce in Sino-European

In order to better promote Internet transactions between China and Europe, current payment methods need to be changed. At present, China's Central European e-commerce platform is mainly done by several leading enterprises, and the settlement method of transactions is also relatively localized. Domestic users do not feel much difference. However, the powerful e-commerce platform can not do everything for the introduction of goods, and when it comes out of these e-commerce platforms to make overseas shopping, the payment becomes very cumbersome. The following four ways of cross-border payment are shown in Table3 below.

Table3 Comparison of the four major ways of cross-border payment

Cross-border payment model	Characteristics	Main application scenario	Profit model
Wire transfer	The earliest appearance, traditional import and export trade payment methods, generally transmitted data through the SWIFT channel.	Cross-border inter-bank transactions	Telegraph fee + handling fee + transit fee quotation percentage + specific fee
UnionPay International	With the EMV standard, overseas member banks can clear and settle funds through UnionPay's system and China.	Offline POS card	Handling fee Rate: 1.5% - 2%
International card organization	Mainly based on VISA and MasterCard, two types of transactions: POS offline and online MOTOR	Line Shanghai Amoy Trading	Handling fee Rate: 1.x% (Europe) 1.8%-2.5% (Asia Pacific) 2.8%-3% (China)
Third party payment	The latest entry, you need to have a payment license + payment license, you can do the whole chain transaction, realize the business is zero, the supervision is zero	B2C small cross-border payment represented by studying abroad	Handling fee Rate: 1.x% (Europe) 1.8%-2.5% (Asia Pacific)

As can be seen from Table3, third-party payment is the most flexible and can be flexibly converted for various payment environments. But the shortcomings are also very obvious. Because they are led by third-party companies, although there are payment licenses, users will still choose the traditional banking system for transactions once they involve large capital flows. Although third-party payment is convenient and there are many users, the scene is limited to small payments. Relevant government departments have also issued relevant policies, which reasonably limit the scale of third-party transactions, and it is reasonable to consider from the perspective of user funds security. To this end, the relevant departments should issue relevant policies, review and authorize the third-party payment platform, and authorize the third-party payment through the audit.

It is not difficult to find that domestic banks are currently receiving the impact of third-party payments, and more and more attention is paid to micropayment scenarios. As users become more accustomed to third-party payments, they even bring this payment habit to business situations, so that the profit of the banking system is impaired. In order to solve this problem, each card-issuing organization should strengthen collaboration, optimize the clearing process, maximize the user's convenience, and achieve

“one card in hand and pay globally”.

4 Logistics Research on Cross-border E-commerce in Central Europe

In recent years, the total trade between China and Europe has been continuously expanding, and logistics as a trade support must also keep pace with the rapid development of trade. Logistics has traditionally included a lot of content, such as packaging, transportation, storage, etc. In this paper we mainly consider the transportation aspect in logistics. The main logistics modes of cross-border e-commerce in China and Europe are mainly divided into three categories, one is land transportation, the other is shipping, and the third is air transportation. According to different classifications of logistics, there are international parcels and international express delivery, overseas warehousing and third-party logistics.

4.1 Classified according to the mode of transportation of logistics

After the Great National Strategy of the Belt and Road Initiative was put forward, China actively promoted the development of Sino-European trade. Under the strong cooperation of several countries, the China-Europe team was successfully opened to traffic. The smooth opening of Central Europe has provided strong support for the development of Sino-European trade. By the end of August 2018, the number of CEIBS trains has reached 10,000. Since the completion of the Sino-European Banley, a large part of the goods of Sino-European trade has been transported, which has greatly promoted the development of Sino-European trade. The China-European class was completed in 2011. The development of the number of trains in China and Europe has mushroomed in the past eight years, and it also represents the spurt of Sino-European trade.

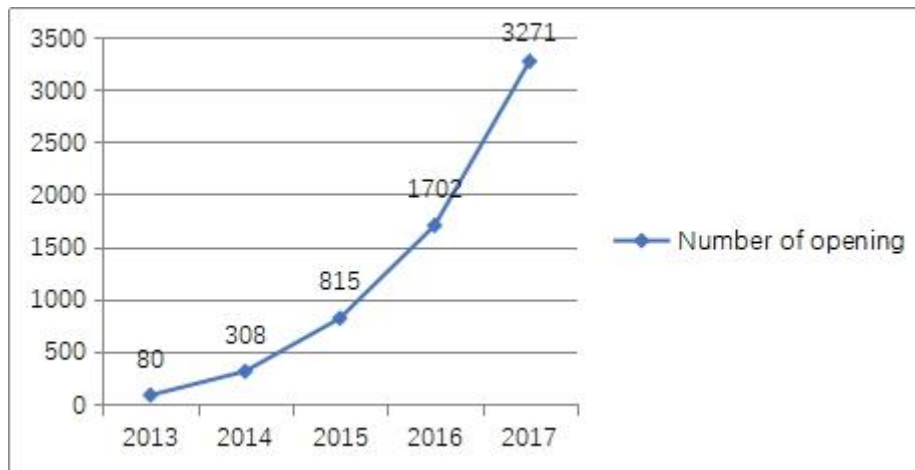


Figure4 The growth of the number of China Europe trains in 2013-2014

Source: Central European trains under the “Belt and Road Initiative”: issues and prospects

As can be seen from the above figure, the growth of the number of trains in Central Europe has shown a rapid upward trend with the increase of the year. It took only 5 years from 80 shifts in 2013 to 3271 shifts in 2017. It can be seen that with the growth of Sino-European trade, our trains have become busy. The transportation of China-Europe trains is large and there are many cities passing through, such as Chongqing, Zhengzhou and Alishankou. This has greatly boosted the trade development of cities along

the line, increased employment and promoted economic development. Railway transportation has the advantages of large transportation volume, strong stability, and is not susceptible to weather, and the railway transportation time is 60% of the shipping cost, and the price is 60% of the air transportation. Therefore, the Central European train may be in the near future. It has become the main carrier of Sino-European trade and transports most of the goods traded between China and Europe.

Western Europe, as the most active place for European trade, is also the main destination for China-Europe shipping. In the case of Western Europe, where Germany and the United Kingdom are located, its total trade with China has already exceeded \$20 billion. Among them, there are mainly seven major ports, such as Bremerhaven Port, Rotterdam Port, etc., which bear most of the cargo operations.

Due to the operation of the Central European trains, the volume of maritime transport is shared, which is what we hope to see. There are many cities passing by the railway, which have a strong driving effect on the economic development along the route. This train is also a strategy to respond to the Silk Road on the National Belt and Road. It should be responsible for the mainstream traffic of cross-border commerce between China and Europe, and further share the burden of shipping and reduce the risks brought by shipping. In addition, China-Europe trains can be fully loaded in China's trade exports, but they can't always be fully loaded in trade imports. This is a problem we consider in cross-border business in China and Europe, and it is also a shortcoming in Sino-European logistics. Whether it is cross-border business or cross-border e-commerce, we need to urgently solve this problem and maximize the economic effects of the Central European train.

4.2 Classified according to the logistics carrier

International parcels and international express delivery have great differences in freight, transportation volume and transportation duration. Since most of China-Europe trade is in B2B mode, each trade volume is relatively large, and the cargo weight is relatively large, so in logistics In terms of the choice of methods, large-scale foreign trade enterprises basically abandoned international small packets with small traffic volume and chose international logistics. Compared with international express delivery, overseas storage can greatly reduce the time required for cargo transportation and shorten the majority of the journey, which can bring greater shopping convenience to customers. With the continuous development of Sino-European trade, the overseas storage model will become the choice of most large enterprises. Due to its convenience and more professional features, third-party logistics may become the preferred logistics method for trading companies. The high-quality services of third-party logistics enable trading companies to focus on their business.

Regardless of which trade method is chosen, a trading company must consider its own situation, including the type of goods, customer requirements, and its own production costs.

Regardless of which trade method is chosen, a trading company must consider its own situation, including the type of goods, customer requirements, and its own production costs. In terms of logistics and transportation, I think that the CEIBS train, which is now increasing rapidly, is a better choice. In the main body of logistics, third-party logistics and overseas warehousing will be a cost-effective choice.

5 Suggestions for improvement of cross-border e-commerce in China and Europe

5.1 Strengthen strategic cooperation between international brands and platforms

At present, most e-commerce platforms cannot be defined by conventional B2B, B2C, and C2C. E-

commerce companies have come along, gradually merging these three models to complement each other. More and more e-commerce platforms are moving closer to the self-operated & platform model, and the model advantage has no advantage in the current fierce competition of e-commerce. For example, from the source of goods to control the product, looking for more quality overseas brands. In addition, the establishment of platform brand direct stores to strengthen the information exchange between brands and platforms will help improve the user's trading experience.

5.2 Create the core competitiveness of e-commerce platform

E-commerce platforms want to integrate global resources, and strong financial strength is essential. Investors now like to invest their money in a larger e-commerce platform. If there is nothing special, it will be very difficult to get financing. At present, the quality of many e-commerce platforms is very good, but the number of commodities is not much; some brands are too numerous, the after-sales is cumbersome, and there is no return; there is a lack of platform supervision mechanism, and counterfeit goods are rampant. The platform needs to address its own weaknesses, prescribe the right medicine, and improve itself.

5.3 Use policy advantages to develop new logistics channels

The cross-border e-commerce between China and Europe benefits from the “Belt and Road”. Utilize the advantages of national policies to open up trading barriers for domestic and foreign goods. The use of policy facilitation can reduce the cost of cross-border transactions and increase the profitability of the platform. For example, the establishment of transshipment warehouses and storage warehouses along the line, dynamic optimization of various logistics lines, to minimize logistics costs and minimize transportation time.

6 Conclusion

As a product of the combination of information technology and traditional international trade, cross-border e-commerce has become an innovative international trade mode with great development potential. In recent years, global economic growth has been weak, but the Chinese and European governments still attach great importance to the application of cross-border e-commerce in Sino-European trade. Therefore, in the future trade, China and the EU should vigorously promote the application of cross-border e-commerce, change the growth mode of Sino-European trade, and improve trade efficiency. This still requires continuous efforts by both China and the EU.

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