

## Research on the Influence of Cross-border E-commerce on Regional Industry Competitiveness under SCP Mode

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**Keywords:** SCP mode; Cross-border e-commerce; Regional industry competitiveness

**Abstract:** Structure-conduct-performance (SCP) model refers to the market's decision on the behavior of the company in the market, and the corporate behavior determines the economic performance of all aspects of the market operation, that is, the influence of external impact is analyzed from the perspective of specific industry structure, corporate behavior and economic performance. Cross-border e-commerce refers to an international business activity in which transaction entities belonging to different customs territory reach a transaction through e-commerce platform for payment settlement, and deliver goods through cross-border logistics; its development level and vitality for a region plays a very important role in the foreign trade development of a region and the transformation and upgrading of traditional forms of trade operations. On the basis of summarizing and analyzing previous research works, this paper analyzes the impact of cross-border e-commerce on the industrial competitiveness of typical regions by using the SCP model in industrial economics theory, and clarifies the external international environment and impact faced by regional industrial competitiveness, and proposes corresponding solutions and measures. The study results of this paper provide a reference for further research on the impact of cross-border e-commerce on regional industrial competitiveness under SCP mode.

### 1. Introduction

The five key factors of independent innovation of industrial organizations form the structure-conduct-performance (SCP) model, namely industrial organization, research and development investment, innovation speed, new technology marketization rate and incentive mechanism. Differentiated strategic transmission behavior itself can form the logical relationship of SCP: industrial organization structure, behavior and performance. According to this framework, the five factors of independent innovation can constitute a transmission system. In this way, it will form an advantageous technological innovation after the development of the market segment, maintain technological initiative and carry out innovation and transmission within and within the industrial organization, form knowledge sharing, and enhance the overall innovation capability. Specifically, guided by the market, the government takes the lead and strengthens policy support. The government should clarify regional development goals, set up structural funds, and establish innovative intermediary centers. Differentiated and innovative policies are developed based on the current regional economic situation. It is necessary to separate the economically developed regions from the economically backward regions to formulate different measures. Only in this way can a lasting positive incentive be formed. From the SCP model, it can be seen that the interaction between technology and the market is very important. If you only pay attention to immediate interests and make quick profits, it is difficult for regional independent innovation to enter a virtuous circle [1].

The cross-border e-commerce industry itself is a new format of Internet plus foreign trade, which is open to all individuals and enterprises based on the operation of e-commerce platform. Most of the mainstream cross-border e-commerce platform registration business accounts only need to provide personal identification and credit card information. The initial cost of starting a business is extremely low or even zero. The vitality and transparency of the network allows individuals and enterprises to enter the cross-border e-commerce industry. Small and medium-sized enterprises and even individuals are relying on various e-commerce platforms to stand on the same starting line as

big companies and become an active force in international trade [2]. With the high popularity of the global Internet, cross-border e-commerce relies on Internet operations to break the monopoly of foreign channels under the traditional foreign trade model, such as importers, wholesalers, and truly achieve borderless trade. Under the SCP mode, consumers can select any commodity in the world on the e-commerce platform to achieve face-to-face contact and communication. The order is simple and simple, and cross-border e-commerce replaces the traditional trade mode to achieve normalization [3].

On the basis of summarizing and analyzing previous research works, this paper analyzes the impact of cross-border e-commerce on the industrial competitiveness of typical regions by using the SCP model in industrial economics theory, and clarifies the external international environment and impact faced by regional industrial competitiveness, and proposes corresponding solutions and measures; the study results of this paper provide a reference for further research on the impact of cross-border e-commerce on regional industrial competitiveness under SCP mode. The detailed chapters are organized as follows: Section 2 analyzes the competitive environment of cross-border e-commerce under SCP mode; Section 3 proposes the influence of cross-border e-commerce on the regional industry competitiveness; Section 4 is conclusion.

## **2. Competitive environment of cross-border e-commerce under SCP mode**

The SCP paradigm believes that the market structure determines market performance, and the market structure is the market linkage characteristic of the enterprises within the industry, that is, the position and characteristics of the commodity trading relationship between the sellers, the buyers, and the sellers and buyers that constitute the industrial market. It reflects the degree of competition and monopoly in the industrial market. The main factors determining the market structure are market concentration, product differentiation, and market entry and exit barriers. Market concentration refers to the size structure of sellers or buyers in a particular market or industry, which is divided into seller concentration and buyer concentration. In the era when e-commerce relies on the Internet as a carrier for development, consumers can fully understand the price of their favorite products through the price comparison function of search engines, thus making rational choices without being restricted by any incomplete information and channels.

In the SCP framework, market behavior is an intermediate link, which depends to a certain extent on the market structure, which determines the market performance. Market behavior refers to the decision-making behavior usually adopted by the enterprise on the basis of fully considering the supply and demand conditions of the market and other corporate relationships. Behavior has price behavior and non-price behavior. SCP theory believes that there is a close causal relationship between structure, behavior and performance. It emphasizes that market competitiveness and resource allocation according to market structure determine the main factors of market structure: market concentration, product differentiation and market entry and exit barriers. Generally, the market structure is analyzed mainly from the degree of market concentration and product differentiation. Market performance reflects the effect of the market under a specific market structure and market behavior. It is a measure of the effectiveness of a market. It is usually measured from the following aspects: market size, industry profit, technological progress and innovation [4].

In the process of rapid development of e-commerce enterprises or when they have entered the stage of mature transition period, the credit of e-commerce merchants and the quality of products sold by merchants are of vital importance. Because in such an Internet era, e-commerce companies and consumers' transactions are conducted through the Internet, consumers can not really touch the products that will be purchased on the online shopping platform, and it is impossible to identify whether the product quality is guaranteed. E-commerce companies must invest more energy in advertising marketing to increase their visibility and create their own brand culture. In the context of the information age, only novel and heart-warming content marketing can attract consumers' attention. With the change of residents' consumption habits, the after-sales service and experiential services that sellers can provide for consumers are increasingly becoming the decisive factor for

consumers to choose trading objects. Therefore, building differentiated after-sales services and offline experience services is one of the competitive advantages of an e-commerce company. Secondly, in order to improve the consumer's purchasing experience, the e-commerce platform can cooperate with various brands to penetrate the brand experience store and e-commerce platform into a wider market.

### 3. Influence of cross-border e-commerce on regional industry competitiveness

The scale economic barrier refers to the double risk that enterprises will face high costs and peer companies when they fail to reach a certain market share in an industry. Driven by potential profits, most small-scale enterprises have seized market share by operating the same city express delivery business. This has led to the lack of economies of scale in most express delivery companies, and the express delivery industry has formed a strong scale economic barrier (Figure 1). To provide high-quality courier services, enterprises need specialized, technically excellent service facilities, equipment, and a large number of network layout constructions and support of express information systems, which require a large amount of capital investment. However, the existence of the lemon market makes it necessary for potential entrants to raise funds to pay high interest rates, and it is more difficult to raise funds than incumbents. The policy legal system barrier means that if the government believes that only one few enterprises exist in an industry; the government will implement a licensing system to restrict the entry of new enterprises. As the effect of price behavior weakens, companies begin to pay more attention to product innovation, making their products differentiated and more in line with the needs of different e-commerce and consumers, in order to increase their market share.

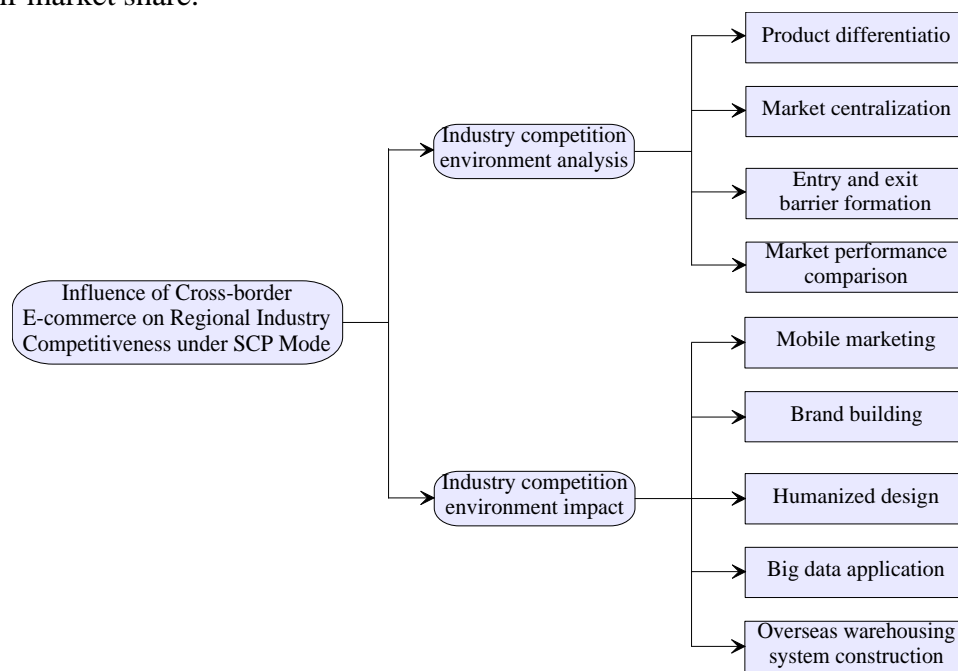


Figure 1 Influence of cross-border e-commerce on regional industry competitiveness under SCP mode

Technological progress and innovation are the driving force for the sustainable development of the industry. In particular, e-commerce, a new type of industry that relies heavily on information technology, needs to constantly update its technology to meet the ever-changing needs of consumers. Investigate the profitability of e-commerce companies, mainly by analyzing the profit margins of e-commerce companies. Vicious price competition will hinder the sustainable development of the industry, so the price war issue needs to be solved urgently; the government should increase supervision to fill the gap in the law to regulate e-commerce price competition. Some of the funds and assets invested by the enterprise in the course of business are sunk costs due to the inability to recover. If the cost of sinking is too high, the exit barrier will be high. In the e-commerce industry,

the assets and equipment invested are mostly network disks, servers and other hardware, and the asset specificity is low, so the exit barrier is also low [5].

With the rapid development of information technology, the construction of information platform and website is no longer a barrier for retailers to enter the market. The generation of e-commerce has formed a network-entity and parallel retail model, which has caused a huge impact on the traditional retail model. Although from the formal point of view, e-commerce companies can easily enter the e-commerce field, but the online retail market is highly competitive. In the early stage of entering the market, enterprises need to invest a lot of manpower, material resources and financial resources, not only to establish a brand image, but also to cope with the threat of existing competitors in the market, so it is necessary to invest in the fields of advertising marketing, payment system and logistics distribution. However, compared with physical stores, the competition cost of online shopping platforms is greatly reduced. As far as the current e-commerce market is concerned, barriers to entry are generally low. Compared with the sunk costs of other industries, online retailers have lower asset specificity such as hardware facilities, software services, and network equipment. They can be transferred after the bank collapses..

The fierce competition among e-commerce companies has made the logistics distribution link the last bargaining chip for user experience. Self-built logistics has become the choice to reduce distribution costs and improve sorting efficiency. The establishment of a logistics park by e-commerce companies can control manufacturing, distribution and retailing throughout the entire process, making delivery time and delivery quality more controllable. Therefore, the government should encourage the establishment of e-commerce logistics parks, give strong support to land parcel approval and use planning, and promote logistics to improve consumer welfare. With the popularization of smart mobile devices and the rapid development of mobile Internet, shopping and payment on the mobile side are more convenient, and the proportion of transactions completed by mobile terminals is gradually increasing, and the mobile terminal becomes the main battlefield for e-commerce. The use of mobile shopping for personal fragmentation time makes consumption random and frequent, so e-commerce companies have advocated consumers to carry out mobile shopping. The company has set a more favorable discount price for mobile orders, and provides services such as shopping cash back, double point collection and prize redemption to promote shopping mobilization, thereby increasing sales.

#### **4. Conclusions**

On the basis of summarizing and analyzing previous research works, this paper analyzes the impact of cross-border e-commerce on the industrial competitiveness of typical regions by using the SCP model in industrial economics theory, and clarifies the external international environment and impact faced by regional industrial competitiveness, and proposes corresponding solutions and measures. The SCP paradigm believes that the market structure determines market performance, and the market structure is the market linkage characteristic of the enterprises within the industry, that is, the position and characteristics of the commodity trading relationship between the sellers, the buyers, and the sellers and buyers that constitute the industrial market. It reflects the degree of competition and monopoly in the industrial market. The scale economic barrier refers to the double risk that enterprises will face high costs and peer companies when they fail to reach a certain market share in an industry. Technological progress and innovation are the driving force for the sustainable development of the industry. In particular, e-commerce, a new type of industry that relies heavily on information technology, needs to constantly update its technology to meet the ever-changing needs of consumers. SCP theory believes that there is a close causal relationship between structure, behavior and performance. It emphasizes that market competitiveness and resource allocation according to market structure determine the main factors of market structure: market concentration, product differentiation and market entry and exit barriers.

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