

Research on the Innovation Development Model of Cross-Border e-Commerce in Zhengzhou

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Abstract: With the development of information technology and the improvement of people's living standards, cross-border e-commerce has gradually become a new trend in China's foreign trade development. Zhengzhou has become a model city for cross-border e-commerce innovation and development with its obvious location advantages and the first policy advantages. Based on the analysis of the status quo of cross-border e-commerce development in Zhengzhou, this paper studies the innovative development model of cross-border e-commerce in Zhengzhou. Finally, combining the reality of Zhengzhou, it proposes relevant countermeasures for the future development of cross-border e-commerce in Zhengzhou from three levels: government, enterprise and third-party platform.

1. Introduction

Cross-border e-commerce refers to the delivery of goods and the completion of trading activities through e-commerce platforms, electronic payment settlement and cross-border logistics. In recent years, China's cross-border e-commerce industry is in a period of vigorous development, and the cross-border e-commerce market with SMEs as the mainstay has broad prospects [1].

In 2012, Zhengzhou, Shanghai, Ningbo, Hangzhou and Chongqing were approved as the first batch of cross-border e-commerce pilot cities in China [2], Zhengzhou became a cross-border e-commerce innovation with its obvious location advantages and the first policy advantages demonstration city for development. Based on the analysis of the status quo of cross-border e-commerce development in Zhengzhou, this paper analyses the innovative development model of cross-border e-commerce in Zhengzhou from the transaction mode, business model, supervision mode and logistics mode. Finally, combined with the reality of Zhengzhou, from the three levels of government, enterprises and third-party platforms, it puts forward relevant countermeasures for the future development of cross-border e-commerce in Zhengzhou, in order to provide some reference for the development of cross-border e-commerce in Zhengzhou.

2. Status quo of cross-border e-commerce development in Zhengzhou

As one of the 12 cross-border e-commerce comprehensive pilot zones established by the State Council in 2016, Zhengzhou's cross-border e-commerce pilot has been officially launched since 2012, and Zhengzhou Customs has cumulatively checked and released cross-border e-commerce import and export list of more than 200 million. Single, the total price of goods exceeds 20 billion yuan. In 2017, Zhengzhou's cross-border e-commerce import and export list was about 91.287 million votes, a year-on-year increase of 59.1%; the value of goods was 11.39 billion yuan, a year-on-year increase of 71.7%. Among them, the import list was about 73.669 million votes, a year-on-year increase of 32.7%; the export list was about 17.618 million votes, an increase of 8.5 times. Cross-border e-commerce exports showed explosive growth, which also led Henan products to the world, forming a pattern of "buy the world and sell the world."

At present, Zhengzhou has one national e-commerce demonstration base, five provincial demonstration bases and two provincial industrial parks. In 2014, Zhengzhou launched the "E Trade" pilot platform, attracting more than 3,000 Korean pavilions, more than 310 German pavilions and more than 100 Israeli pavilions to conduct business docking with Zhengzhou. In 2017,

cross-border e-commerce tax revenue in Zhengzhou increased by more than 200% [3].

Zhengzhou “E Trade” through the multi-party trading platform established by Henan Bonded Logistics Centre, the foreign commodity warehouse moved forward to the bonded center, and the implementation of “domestic customs clearance, import bonded, export tax rebate, international transfer allocation” bonded stocking mode. The trading model is mainly for cross-border B2C and B2B2C business models. The products sold directly contact overseas manufacturers and cooperate with foreign manufacturers. The process does not go through any purchasing or sales links, and directly reaches the consumers, ensuring the quality of the products. At the same time, through the “O2O e-commerce model” new sales model, the establishment of multi-country import goods experience museum, so that offline consumers first physical experience, and then online transactions, to provide consumers with a new cross-border consumer experience. It also explores the establishment of the China National Pavilion in overseas warehouses in Russia and Canada, and sells Chinese smartphones, electronic accessories and daily necessities to foreign countries, achieving the goal of “buying the world and selling the world”. Zhengzhou Airport and Zhengzhou-European class are important logistics channels for cross-border e-commerce [4].

3. Zhengzhou cross-border e-commerce innovation development model

3.1 Trading mode

Traditional e-commerce generally adopts the B2B/C2C model, and the “B2B2C” model pioneered by cross-border e-commerce in Zhengzhou is a new mode of cross-border e-commerce innovation supervision based on “B2C” transaction, namely Bonded Business -to -Customer. Through the introduction of the intermediate comprehensive supervision platform “B”, the dual problems of government management and market facilitation have been solved, and the full chain service of cross-border e-commerce has been realized.

O2O on-site pickup mode. The O2O mode Online-to-Offline combines offline purchases with the Internet to make the Internet a frontier for offline transactions. With the support of the Customs and the State Inspection Department, the Henan Bonded Logistics Centre achieved the goal of “buy the world and sell the world” and achieved the world's first cross-border retail O2O on-site delivery model. The entire process requires only five steps of registration, ordering, filing, payment and delivery. Through the O2O on-site self-service delivery retail order tracking system, after the consumer places an order, the back office will push the customer orders, logistics orders and payment orders to the customs and inspection and quarantine departments in real time. According to regulatory requirements, the regulatory authorities will conduct audits, inspections, and release, and consumers can take the goods on the spot. The entire process takes an average of two minutes. Since 2018, the O2O on-site delivery model has been replicated and promoted nationwide, bringing high quality of life to people everywhere.

3.2 Business model

At present, the domestic cross-border e-commerce collection model mainly includes three types: overseas direct mail, direct mail collection and bonded stocking. Overseas direct mail is sent to the domestic market by the logistics company after the order is placed by the consumer. The direct mail collection is the centralized storage of the goods to the overseas warehouse after the merchant receives the order, after reaching a certain number of parcels then mail it back to China. These two modes are costly and inefficient. The cross-border e-commerce business in Zhengzhou adopts the bonded stocking mode, that is, after the consumers place orders on the cross-border e-commerce platform, the goods are directly discharged from the bonded warehouse, which reduces the time spent on the international transportation line and greatly shortens the consumer's delivery, time and cost. Three cross-border e-commerce business models are shown in Table 1.

As one of the mainstream models of cross-border e-commerce, the bonded stocking model is popular with its own advantages:

(1) The bonded stocking mode adopts the temporary storage mode of pilot goods. After receiving

the consumer's order in the background, the goods are directly discharged from the bonded warehouse, which reduces the time consumed by international logistics, enabling consumers to receive the goods as soon as possible, so that they can get a better consumer experience.

(2) The bonded stocking mode greatly reduces the tariffs in the import chain, because bulk purchases can significantly reduce the procurement cost and logistics cost of goods. These factors can lead to higher profits and more competitive prices for cross-border e-commerce products.

(3) Bonded goods are strictly monitored in a series of processes such as import customs clearance, inspection and quarantine, and the whole process is transparent, which can better guarantee the quality of goods and the interests of consumers.

Table 1 Comparison of three cross-border e-commerce business models

Project	Overseas direct mail mode	Collecting direct mail mode	Bonded stocking mode
Model type	B2C mode	B2C/B2B mode	B2B2C mode
For enterprise	Purchasing class	Purchasing class	Large cross-border e-commerce with large stocking capacity
The delivery location	overseas	overseas	domestic
Logistics timeliness	7-10 days	10 days and above	3 to 4 days

3.3 Regulatory model

At present, China's cross-border e-commerce industry is developing rapidly. At the same time, environmental safety, tax security, and food safety in cross-border e-commerce are becoming increasingly prominent.

In order to promote the healthy development of cross-border electricity business, the customs supervision department of Henan Free Trade Zone adheres to the principle of “focusing on the authenticity of transactions” and “taking e-commerce enterprises as the unit”. The positive supervision model will be embedded in the cross-border e-commerce industry, and the risk pre-judgment will be strengthened beforehand, and the authenticity verification and post-discrimination management will be highlighted to form a complete supervision mode, that is, the cross-border e-commerce positive supervision mode [5].

Simply put, the positive supervision mode of cross-border e-commerce mainly includes ex ante prevention, post-inspection and post-regulation.

Prior supervision focused on risk prediction. By verifying the operation of e-commerce enterprises, websites, supply chain processes, etc., ensuring the access of excellent enterprises, strictly controlling the access of high-risk inspection and quarantine and prohibited products, and reducing the risk of entry of goods. The focus of supervision and supervision in the matter is the authenticity of the transaction, mainly including document review, tax management, inspection management, and logistics monitoring.

Among them, the authenticity of payment orders, logistics orders and orders are the core content of supervision. Through the comparison of the three orders, the complex procedures are transformed into controllable links, which effectively reduces various risks in supervision. This is also the biggest highlight of the positive supervision mode of cross-border e-commerce in Zhengzhou.

After-the-fact supervision focuses on online inspection, big data analysis, etc., combined with inventory management, accurate image of enterprises, implementation of enterprise differentiation management, dynamic risk control rule management, etc., to prevent enterprises from using fake websites to falsify false transaction data or miss shipping costs and premiums and other violations. Through the collection and analysis of company information, transaction data, etc., differentiated and targeted risk analysis and supervision of cross-border e-commerce enterprises.

3.4 Logistics mode

Located in the Central Plains region of China, Zhengzhou enjoys a unique geographical location

and convenient transportation, and has a radiation advantage. Under the guidance of the national “One Belt And One Road” initiative, Henan province has taken advantage of its unique advantages in logistics to continuously improve its self-built logistics team and overseas storage capacity, strengthen in-depth cooperation with international logistics and domestic express delivery industry, and seize an early opportunity in large-scale transportation and third-party logistics mode.

At the same time, Zhengzhou is also engaged in the construction of an intelligent logistics system that is compatible with the cross-border e-commerce industry. After the system is completed, cross-border e-commerce in Zhengzhou will have more time-saving advantages in warehousing, sorting and transportation. With the help of big data and intelligent IoT, the sorting, inspection and distribution timeliness are greatly improved, and the time and labour costs are reduced. This is also a major breakthrough in the logistics of the global cross-border e-commerce industry chain. Specifically, through the highly integrated information system, intelligent robots, transmissions, and transportation machinery, the sorted goods of the intelligent warehouse are centrally inspected and exited through an inspection centre, thereby realizing 24-hour domestic delivery and each package. Mainline transportation and intercity terminal delivery at least 1 yuan lower than the national average provide the best quality front-end services. Through the construction of the most advanced warehouse management and intelligent information system in China, in addition to improving the competitiveness from the price, it can also shorten the import time of imported goods by 1.5 days to 2 days, which can greatly optimize the customer experience [6].

4. The countermeasures for the development of cross-Border e-commerce in Zhengzhou

4.1 Government level

As one of the pilot cities for cross-border e-commerce trade, Zhengzhou is also the only comprehensive “E-trade” pilot city in the country. The central and provincial governments have given certain inclinations and prior trials in the development plan of the Zhengzhou Airport Economic Comprehensive Experimental Zone. Zhengzhou Airport Economic Comprehensive Experimental Zone should speed up the innovation of mechanism and policy business. The government should take the initiative to actively research and explore the establishment of management systems and policies to meet the development of cross-border e-commerce for logistics, customs clearance, foreign exchange collection and tax refund. All relevant regulatory authorities, as well as platform operators, e-commerce, transportation, warehousing and other enterprises, continue to optimize and improve the E trading platform [7].

4.2 Enterprise level

Enterprises should pay attention to the improvement of product quality and the development of featured products and take the road of branding. Large enterprises should rely on the opportunity of cross-border e-commerce to become bigger and stronger, promote brand internationalization, integrate upstream and downstream enterprises in the industrial chain, and integrate into the global industrial system of cross-border e-commerce. SMEs should look for market opportunities, adjust traditional marketing models, and use the characteristics of low cross-border e-commerce, low links, low cost, and short cycle to form profits, accumulate reputation, and finally achieve brand differentiation and differentiate the road.

4.3 Third-party platform level

The development level of third-party cross-border e-commerce platform is an important factor restricting the development of cross-border e-commerce. The construction of third-party platforms focuses on the depth and breadth of promotion, more accurate and effective search for target customers and consumption hotspots, and provides a wider range of services for different products of different enterprises; payment platform construction focuses on the use of security and convenience, and enhances international The safety and timeliness of currency payment, goods exchange and refund; logistics platform construction pays attention to timeliness and dataization,

and provides warehousing, logistics, distribution and maintenance services for different enterprises. The combination of third-party platforms and cross-border e-commerce companies not only reduces logistics costs and sales pressure, but also provides support for after-sales services and reduces consumer risk expectations.

5. Conclusion

Cross-border e-commerce in Zhengzhou has already taken the lead in the country, providing a model for the construction and transformation of domestic cross-border e-commerce in the current period. Through the establishment of a complete cross-border e-commerce system, it has solved several major pain points such as service, customs clearance, supervision and logistics of cross-border e-commerce. At present, cross-border e-commerce in Zhengzhou is still in its infancy, and there are opportunities as well as huge challenges. Only by seizing the opportunity, giving full play to its own advantages, and promoting the further development of cross-border e-commerce in Zhengzhou with policies, platforms, technologies and talents as the support, it will form a national leading innovation development model and reach new heights.

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