

Research on The Development of Cross-Border E-commerce in China

Take Alibaba as an Example

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Abstract—With the continuous development of internationalization, the traditional international trade mode has its own defects, while e-commerce, as a new form of trade, is widely praised for its convenience and small time and space restrictions. As a new form of trade between countries, cross-border e-commerce has been favored by all countries. Established in 1999, Alibaba is the leading e-commerce company in China, while Alibaba international station and Ali-express are known as cross-border e-commerce platforms.[1] Their successful experience in cross-border e-commerce business deserves our learning and reference. This paper will focus on discussing and proposing Suggestions for Chinese cross-border e-commerce enterprises.

Keywords—Cross-border e-commerce; Alibaba; Alibaba international; Ali-express

I. OVERVIEW OF CROSS-BORDER E-COMMERCE MARKET DEVELOPMENT IN CHINA

A. The Development Stage of China's Cross-border E-commerce Market

Compared with developed countries such as Europe and the United States, China's cross-border e-commerce started relatively late and has been developing for only 20 years. The author summarizes the development stage of China's cross-border e-commerce as the following three stages: initial stage (from 1997 to 2007), development stage (from 2008 to 2013) and outbreak stage (from 2014 to now), as shown in Table I below.

Stage 1, embryonic stage (1997 -2007). In the late 1990s, in order to help China's small and medium-sized enterprises to export, cross-border e-commerce came into being, mainly as a B2B platform, to provide information and

matchmaking for China's small and medium-sized enterprises. Among them, such as Alibaba international station, made in China is more well-known. And Alibaba international station has changed from the original information matching platform to the current trading platform, which will be highlighted below.

The second stage, the development stage (2008-2013). With the gradual development of economy, e-commerce, logistics and payment methods, as well as the continuous

expansion of the scale of Internet users and online shopping users, the demand of customers at home and abroad and the mode of trade have changed. Around 2008, China's cross-border B2C and C2C businesses started to take off. Among them, DX, Lightinthebox and Ali-express are all the representatives, mainly for the purpose of helping domestic small and medium-sized enterprises to export. Ali-express helps domestic small and medium-sized enterprises and foreign wholesalers and retailers to make contacts. Due to its convenient operation and payment advantages, Ali-express competes fiercely with such platforms as eBay and Dunhuang.

The third stage, the outbreak stage (2014 to present). After 2014, due to the appropriate adjustment of China's import tax policy and the reduction of tariffs on some goods, the growth rate of cross-border e-commerce import has been amazing, and a number of excellent cross-border e-commerce enterprises and platforms have emerged, including Tmall international, Netease koala, little red book and so on.[2]

TABLE I. THE DEVELOPMENT STAGE OF CROSS-BORDER E-COMMERCE IN CHINA

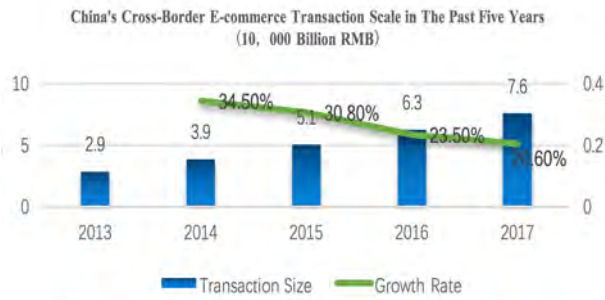
Stage of Development Business Pattern	Infancy (1997-2007)	Stage of development (2008-2013)	Explosion stage (2014-now)
B2B	start	growth	transformation
B2C/C2C (export)	—	Start	Growth
B2C/C2C (import)	—	—	Start

B. China's Cross-border E-commerce Market Transaction Scale

In recent years, according to the statistics of WTO and world bank, the international economic situation is gradually improving, which means the consumer demand is gradually expanding. This is undoubtedly good news for cross-border e-commerce. According to statistics, the total transaction volume of cross-border e-commerce in China for the whole year of 2017 has reached 7.6 trillion yuan (RMB), up 18.4 percent year-on-year, with a considerable scale, as shown in Fig. 1 below. It is believed that with the continuous improvement of service level, logistics level and supply chain of cross-border

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e-commerce platforms, the market development of China's cross-border e-commerce will be immeasurable in the future.



^a Data Sources: According to eiMedia Research (Ai Media Consulting) public data compiled.

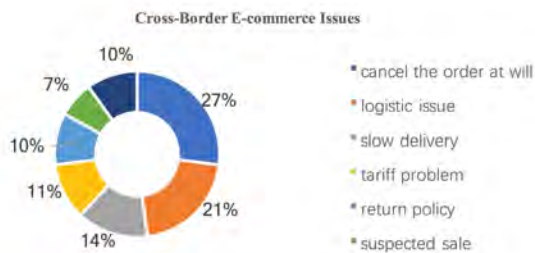
Fig. 1. China's cross-border e-commerce transaction scale in the past five years.

According to the above figure, it can be seen that the development of cross-border e-commerce market in China has been growing in the past five years. However, due to the gradual increase of volume, the growth rate is gradually slowing down, but it is still above 20%. It can be predicted that China's cross-border e-commerce market transaction scale in 2020 will reach about 15 trillion yuan.

II. PROBLEMS IN THE DEVELOPMENT OF CROSS-BORDER E-COMMERCE IN CHINA

It is impossible to "run the horse again and ask the horse not to eat grass." At the same time as the rapid development of cross-border e-commerce in China, of course, some problems have arisen. According to the statistics collected by the E-Commerce Research Center, 27% of orders are cancelled, and logistics problems (slow logistics, lost parts, damage, etc.) account for 21%. %, slow delivery accounted for 14%, tariff issues accounted for 11%, return and exchange problems 10%, suspected sales accounted for 7%, as shown in Fig. 2 below.

These problems are prominent problems. There are domestic factors as well as international factors. It is necessary for the state, government, and enterprises to constantly work hard, how to improve our comprehensive services, and how to seek better cross-border e-commerce development in China. The way will be our long-term research direction.



^b Data Sources: WWW.100EC.CN

Fig. 2. Cross-border e-commerce issues.

III. ALIBABA'S CROSS-BORDER E-COMMERCE RESEARCH

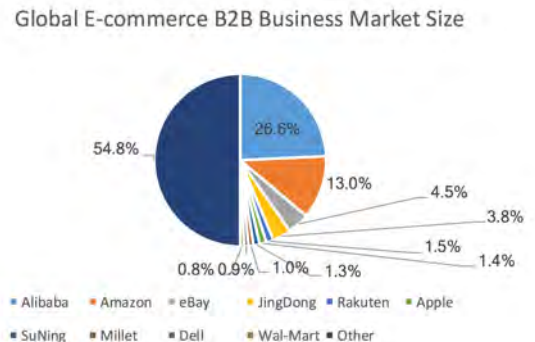
A. Alibaba Introduction

Alibaba Corporation, founded in 1999, is founded by Ma Yun. At the beginning of the founding, it mainly focused on the B2B online trade market platform business. After 20 years of hard work, today's Alibaba has developed into a core business with e-commerce as the core, cloud computing, big data, digital media, logistics, finance, entertainment and other projects. The development of China's largest and also the world's second largest network company, can be said to be the development speed.

In the past 20 years, Alibaba has been pursuing its own development, with the mission of "making the world a business that is not difficult to do", and using e-commerce to change the way of marketing, sales and operation of enterprises has helped countless SMEs in the world to develop together. It can be said that Alibaba has made outstanding contributions to China and the world in the development of cross-border e-commerce in the past 20 years.

B. Alibaba's Cross-border E-commerce Profile

Alibaba has entered the international market mainly through international strategies such as holding mergers and acquisitions, shareholding investment, and strategic cooperation. Through the successful expansion of B2B operation mode, it has built an e-commerce ecological chain, which has become a leader in terms of the share of the e-commerce market. In 2016, in terms of B2B business, Alibaba has already occupied 26.6% of the global market, almost twice that of Amazon, and has become the world's largest e-commerce, as shown in Fig. 3 below. In the past five years, Alibaba's online retail platform GMV (total turnover) has reached 46.35 billion yuan, and it is still growing, as shown in Fig. 4 below.



^c Data Sources: <http://image.so.com/>

Fig. 3. Global e-commerce B2B business market size.



^d Data Sources: According to the information collected by Yunguan Consulting and China Business Research Institute.

Fig. 4. Alibaba's five-year online retail platform GMV scale.

C. Alibaba's Main Cross-border E-commerce Platform

There are many subsidiaries in cross-border business under Alibaba. Among them, B2B and B2C are the main modes. The following will introduce the two platforms of Alibaba International Station (B2B) and Ali-express (B2C). First of all, its international popularity is relatively high. High, followed by a better e-commerce platform in China, so choose these two platforms to study.

1) Alibaba international station

a) Main business: Alibaba International Station was established in 1999. For 20 years, it has served consumers in more than 200 countries and regions around the world, providing good services to SME buyers and suppliers in the global cross-border e-commerce B2B industry. It is already a leader.

At the beginning, Alibaba International Station was mainly a information-integrated platform, which provided buyers with high-quality product information and company information, provided relevant information for sellers, and provided a good cooperation environment for buyers and sellers. However, in recent years, the focus of cross-border B2B development has shifted from information-based platforms to transaction-based platforms. On the basis of the original, online payment functions have been improved and transaction guarantees have been improved. After years of hard work, it finally showed results. In 2017, Alibaba's credit insurance GMV and order volume both increased, especially the increase in order volume was more significant. Compared with 2016, the average growth rate was 2 times. Benefit from the advantages of a trading platform.

b) Payment method: The payment method before Alibaba International Station was online inquiry and offline delivery. This payment method is inconvenient. Nowadays, online trading has become Alibaba's main payment method. Orders and delivery are carried out on one platform, and the amount of credit and the number of transactions are also disclosed. In this way, transaction efficiency is improved, transaction costs are reduced, and customer trust in the platform and customer stickiness are improved. There are far more payment methods for platform certification, such as MasterCard, Visa, Cheque, Western Union, etc. Russia has access to Russian online payment tools WebMoney and Qiwi

Wallet, and Brazil has access to online payment channel Boletto, as shown in Fig. 5 below.



^c Data Sources: According to Alibaba.com - Data Manager's public information

Fig. 5. Alibaba's April to December 2017, the growth of GMV and orders increased year-on-year.

c) Logistics transportation mode: The logistics and transportation modes of Alibaba International Station mainly include shipping, air transportation and international express delivery. Shipping is still the main mode of transportation. At present, there are six ports of operation in China, including Shanghai, Ningbo, Shenzhen, Tianjin, Qingdao and Xiamen. The destination port covers more than 200 major ports and regions in the world, such as the United States and Canada, Central and South America, Southeast Asia, Europe and other places. Even a part of the port of departure route covers nearly 300 destination ports.

In terms of air transportation, Alibaba mainly and global TOP air freight service providers DHL Global Forwarding (DHL Global Freight), Kuehne + Nagel (Da Xun) and domestic such as China Shipping Global Freight Co., Ltd., Hong Kong China Travel International Trade Co., Ltd. and other 10 quality Service providers cooperate with more than 170 countries and regions around the world to provide one-stop services such as trailer, customs declaration and inspection to meet the individual needs of customers.

In terms of international express delivery, it mainly has two forms: warehouse-to-door and door-to-door. Including UPS, DHL, FedEx, TNT, EMS, TOLL and other international express delivery. In particular, its new door-to-door service not only improves efficiency, but also enhances service guarantees. In addition, it can also pick up pieces for free. This model effectively reduces transportation costs.

2) Ali-express

a) Main business: Ali-express is not only ranked first in China's cross-border B2C retail platform, but also among the cross-border export platform groups in China, and ranks among the top three online shopping websites in the world. The purpose of Ali-express is to help SMEs directly contact terminal wholesale retailers, and sales in the small batch and multi-batch mode to sell, thus increasing the space. Its orders, payment, and logistics have been integrated into the same platform.[3] It is because of its convenience and timeliness that it has achieved outstanding results in more than 200

countries and global buyers across the world. As shown in Fig. 6 below, the Ali-express cross-border transaction process:

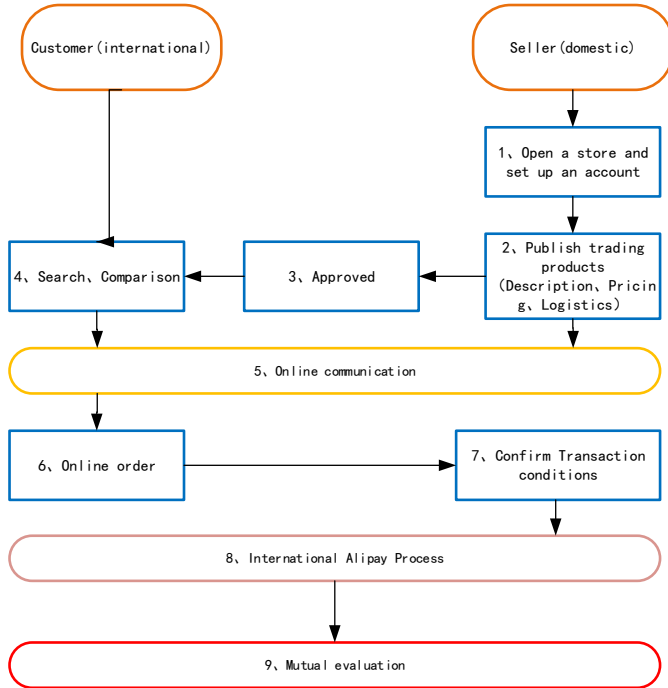


Fig. 6. The Ali-express cross-border transaction process.

b) Payments

International Alipay is a global payment method for payment. It supports a variety of payment methods, mainly credit card payment (Visa, Mastercard), T/T bank remittance and Western Union remittance payment, Moneybookers payment, debit card payment, etc. Four payment methods, diversified payment methods are convenient for consumers, and attract more customers for Ali-express.

c) Logistics mode

Ali-express has three logistics services: worry-free logistics, online delivery, and overseas warehouses. Worry-free logistics is the official logistics jointly launched by the rookie network and Ali-express. It provides one-stop logistics solutions for collection, distribution, logistics tracking, logistics dispute processing and payment. There are three options: Saver Shipping, Standard Shipping, and Premium Shipping. Consumers can choose different solutions according to their different needs.[4]

Online delivery is a logistics service system created by Ali-express and Rookie Network in conjunction with a number of high-quality third-party logistics providers. Online delivery mainly includes three types of logistics solutions: economic logistics, standard logistics, and rapid logistics. Consumers can choose according to the value of the goods and the availability of information.

IV. ALIBABA'S ENLIGHTENMENT TO CHINA'S CROSS-BORDER E-COMMERCE

The above mainly introduces Alibaba's two cross-border e-commerce platforms, Alibaba International Station and Ali-

express. Its perfect operation mechanism and high-quality service system definitely have important reference significance for the development of cross-border electricity commerce in China. As shown in Table II below.

TABLE II. ALI-EXPRESS ONLINE DELIVERY LOGISTICS SOLUTION

Economic logistics solution	China Post's usual small package +, 4PX new postal economic parcel, Sinotrans - Western postal economic parcel, Sinotrans - British postal economic parcel, SF international economic parcel, Shunyou aviation economic parcel, Yanwen aviation economic parcel
Standard logistics solution	China Post registered parcel, e-mail treasure, China Post e-mail treasure (novice), speed mail Baofen postal parcel, China-Russia Airlines Ruston, 4PX new postal parcel, Yanwen Airlines registered parcel, Middle East line
Rapid logistics solution	Sino-Russian Express-SPSR, DPEX, EMS, e-EMS, SF International Express, UPS Expedited, UPS Express Saver, FedEx IE, FedEx IP

A. Constantly Improve the Credit Mechanism

The author believes that "honesty" is the basis of business. From the perspective of the consumer, if the product obtained is a fake or a defective product, then the consumer must be very dissatisfied with the shopping experience, whether it is for the seller or the entire consumer process may be negative. Therefore, from the perspective of the government, it is necessary to strengthen the inspection of inspection products by the inspection agencies. After all, once the goods cross-border, it is more or less brought with the color of the country. In addition, enterprises should strengthen quality supervision on the merchants on their platforms, and regularly check the quality of products and increase penalties. Only when the government and the enterprise are united can the credit mechanism be continuously improved.[5]

B. Continuously Improve the Cross-border Payment System

Judging from the excellent results of Alibaba's cross-border e-commerce development, payment methods are a very important criterion for measuring cross-border e-commerce. The payment platform is the basis for the development of e-commerce. Without a payment platform, cross-border e-commerce will be stuck, and a single payment method must be less convenient than a diversified payment method. An unstable payment method must not be as stable as a payment method. Therefore, the government should vigorously support the development of cross-border e-commerce platforms in cross-border payment systems. After all, "to be rich, to build roads first." Of course, companies must also strengthen their payment technology to create a more powerful and improved payment platform. The government and enterprises work together to create a comprehensive cross-border payment system.

C. Continuously Strengthen the Construction of Logistics System

From the above analysis of Alibaba International Station and Ali-express, we can see that logistics is an inevitable part of cross-border e-commerce, because logistics is a very basic

and very important content, must It is a big challenge not only to quickly and safely deliver goods to consumers. The government should continuously introduce and improve relevant policies to support the development of cross-border e-commerce logistics. Cross-border e-commerce companies can take strategic cooperation with logistics companies to integrate products and logistics, thus forming the scale effect of logistics. Even after continuous development, a global logistics distribution system can be formed. Alibaba's eWTP (Global E-Trade Platform) practice has established a foundation for a global logistics distribution system.

V. CONCLUSION

The rapid development of cross-border e-commerce in China has created domestic and international market demand, stimulated the development of the world economy, and provided more opportunities for innovation and entrepreneurship. At the same time, there are also some excellent cross-border e-commerce enterprise platforms, such

as Alibaba, China Manufacturing, and Dunhuang Network. However, there are still many problems in the development process. We need to analyze these problems carefully, find out the problems, help our small and medium-sized enterprises to develop cross-border e-commerce, and hope that cross-border e-commerce can once again achieve significant development.

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