

Research on the Problems and Countermeasures of Developing Cross-border E-commerce Business for Wenzhou Low-voltage Electric Appliance Enterprises

Zhang Wang

Wenzhou Vocational & Technology College, Wenzhou 325035, China.

erbur.wang@qq.com

Abstract

This paper first analyzes the motivation of the transformation of Wenzhou low-voltage electrical industry enterprises into cross-border e-commerce enterprises, through the investigation of the status quo of cross-border e-commerce in Wenzhou local low-voltage electrical appliance industry, analyzes the main problems of the transition of enterprises to cross-border e-commerce enterprises, Finally put forward some countermeasures and suggestions.

Keywords

Cross-border e-commerce, Low voltage electrical appliance, Business Transformation.

1. Introduction

With the increase of Internet penetration rate, the further maturity of third-party payment software, and the improvement of logistics and other supporting facilities, online shopping has become a global consumption habit. Cross-border e-commerce has achieved a worldwide connection by building a free, open and versatile global trading platform, and will continue to replace the traditional trade market as the main form of global trade.

As one of the pillar industries of Wenzhou's foreign trade export, the low-voltage electrical appliance industry has benefited from smart grid investment in developed countries and large-scale infrastructure investment in emerging markets. In recent years, the overall export scale has remained at a relatively high level, but the growth rate of exports and the proportion of exports have slowed down. According to preliminary statistics, the annual export volume of low-voltage electrical appliances in Wenzhou has been maintained in the range of 2.2-26 billion US dollars since 2010, and the proportion of Wenzhou's total exports has been fluctuating in the range of 13%-15%. The cross-border e-commerce export as a new foreign trade format enables SMEs to transform the fragmented and diversified potential demand for small foreign trade into market demand, increase the breadth and density of foreign trade transactions. Therefore, it has become a feasible breakthrough for the transformation and upgrading of low-voltage electrical appliances.

2. Market research and analysis

Traditional small and medium-sized foreign trade enterprises have been transformed into cross-border e-commerce enterprises, that is, they use the Internet to export or import foreign (or regional) products to obtain profits. Specifically, they can build their own online shopping malls, enter third-party e-commerce platforms, and entrust network technology co., Ltd. Transformation paths such as operations. ^[1] The survey analyzed the current status of cross-border e-commerce in Wenzhou's low-voltage electrical industry through online questionnaire survey, cross-border e-commerce platform data analysis and interviews with local low-voltage electrical appliances companies in Wenzhou.

The questionnaire contains 18 questions, including the questions of company, size, export sales, and problems encountered in conducting cross-border e-commerce business. Through the distribution and completion of the questionnaire, 266 copies of the respondents were finally recovered. The low-voltage electrical industry enterprises in the answer sheet are mainly distributed in Lucheng District,

Longwan District of Wenzhou, and Liucheng and Baixiang Towns of Yueqing City. According to the statistics of the questionnaire data, 69.28% of the enterprises that filled out the questionnaires were production-oriented export enterprises, others were foreign trade circulation-type enterprises, 21.69% of the enterprises had registered capital of more than 10 million yuan, and 49.4% of the enterprises had registered capital of 300,000 - 3 million yuan. According to the statistics of the questionnaire data, it is found that 69.28% of the enterprises that filled out the questionnaires are production-oriented export enterprises, others are foreign trade circulation-type enterprises, and 21.69% of the enterprises have registered capital of more than 10 million yuan, 60.04% of the company's registered capital is below 3 million yuan. Among these companies, only 37.95% of the companies that have launched cross-border e-commerce. As shown in Fig. 1, the main reason for not conducting cross-border e-commerce is the lack of cross-border e-commerce professionals and the high operating costs.

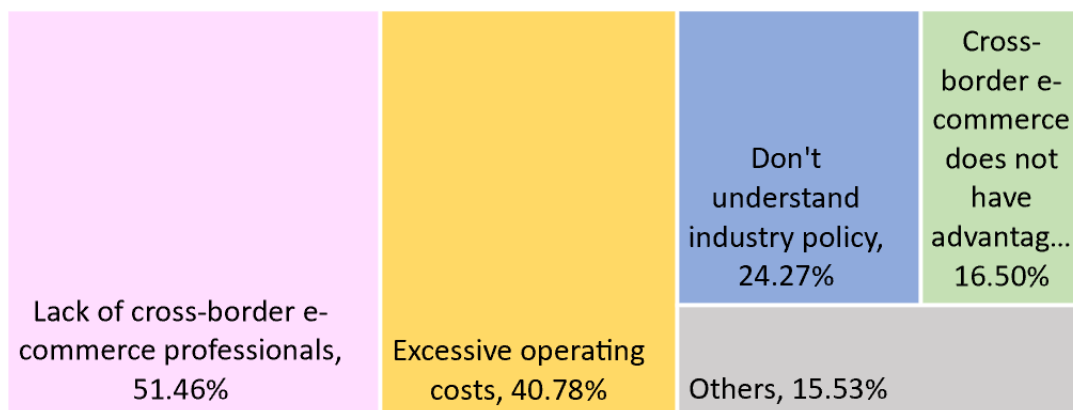


Fig. 1 The main reason of not conducting cross-border e-commerce

For companies that have already launched cross-border e-commerce, the time to operate cross-border e-commerce is not long. 66.67% of the company's operating time is less than 3 years, 19.05% of the company's operating time is 3 to 5 years, and only 14.29% of the company's business is more than 5 years. Most companies choose Alibaba.com and AliExpress.com as operating platforms, accounting for 61.9% and 36.51%, respectively, as shown in Fig. 2.

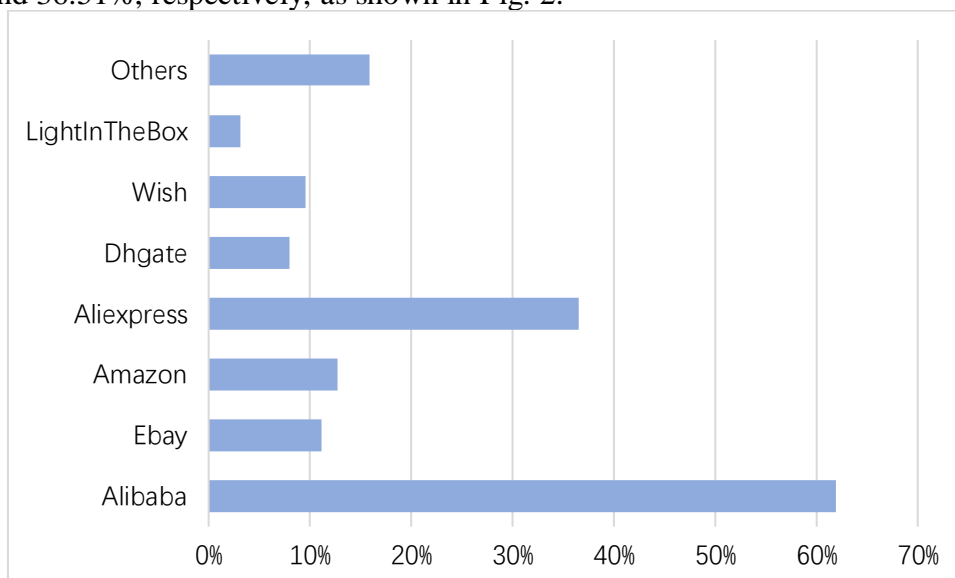


Fig. 2 The choice of platform for cross-border e-commerce

In answering the main difficulties encountered in the operation of cross-border e-commerce, most of the enterprises chose the main reasons such as high logistics cost, lack of talents, high cost of entering the cross-border e-commerce platform, and difficulty in customs declaration and inspection. As shown in Fig. 3.

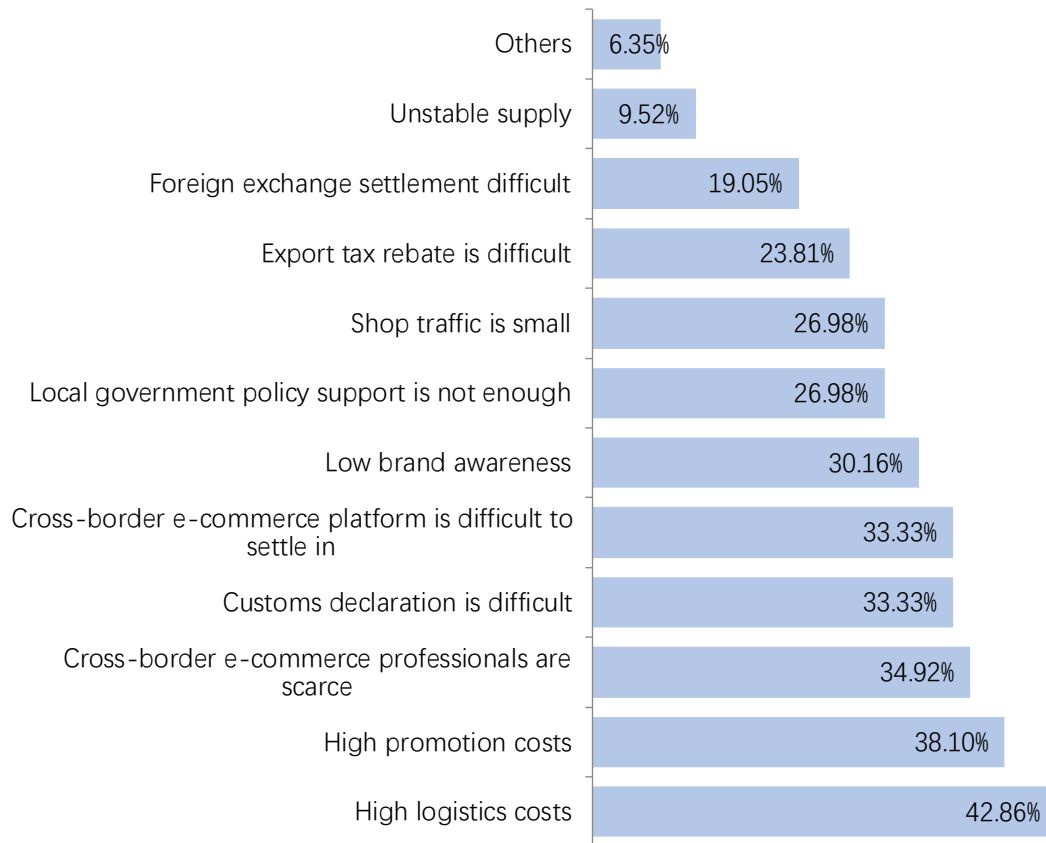


Fig. 3 The main difficulties encountered in carrying out cross-border e-commerce business

3. Problem research

Based on the analysis of the online questionnaire survey, as well as the investigation of the local low-voltage electrical appliance industry in Wenzhou and the cross-border e-commerce platform, it is concluded that the problems encountered by Wenzhou low-voltage electrical appliance enterprises in developing cross-border e-commerce are as follows.

3.1 Lack of cross-border e-commerce professionals

The transformation and development of cross-border e-commerce by enterprises requires strong guidance from senior managers. However, traditional foreign trade managers have never touched the new thing of cross-border e-commerce. On the road of developing cross-border e-commerce, there may be mistakes in decision-making. This is not conducive to the development of cross-border e-commerce business. In addition, the development of cross-border e-commerce companies also need to recruit talents with cross-border e-commerce operations knowledge, and cross-border e-commerce operations specialists are best able to have skills in art, packaging, billing, customer service and other positions. However, at present, colleges and universities have not officially established such majors, and the cultivation of talents in colleges and universities has only just begun. Generally, only a few courses related to e-commerce or foreign trade are offered. There are not many talents who are proficient in cross-border e-commerce operations in the market. At present, the most lack of professionals in Wenzhou is the talents for operation and promotion.

3.2 High cross-border e-commerce operating costs

Cross-border e-commerce operating costs mainly include platform operation costs, off-site drainage promotion costs, foreign currency settlement loss costs, personnel costs, site costs, and logistics costs. The platform costs include admissions, transactions, and promotion fees within the platform. Cross-border e-commerce platforms generally charge a certain transaction fee. For example, AliExpress is charged at 5% of each transaction, while Amazon is charged 8%-15% of the transaction. Since cross-

border e-commerce is aimed at foreign customers, the logistics costs of different regions and countries are different, and the cost of a single package is much higher than that of domestic online retail. According to the survey, the high cost of logistics and the high cost of promotion are respectively among the top two difficulties encountered by enterprises in cross-border e-commerce.

3.3 The product has low technical content and lacks innovative technology.

At this stage, most traditional Wenzhou low-voltage electrical small and medium-sized enterprises still tend to compete for the market at low prices when conducting cross-border e-commerce. The brand awareness is weak and often at a disadvantage in competition. Most of Wenzhou's low-voltage electrical products have low technical content and lack of competitiveness, which does not meet the needs of foreign customers.

3.4 Difficulties in settlement of tax refunds

In the process of developing cross-border e-commerce, Wenzhou enterprises are faced with the difficulty of meeting the tax rebate. First, most of the cross-border e-commerce companies in Wenzhou are small and medium-sized enterprises. These enterprises tend to be small in scale, low in credit, weak in strength, and insufficient in funds. When conducting foreign exchange settlement, they often have complicated procedures and difficulties in settlement. In addition, most of the business entities of cross-border e-commerce in Wenzhou are small factories. Small factories do not have legal foreign exchange qualifications, lack formal customs procedures, and it is difficult to conduct normal foreign exchange settlement. Difficulties have hindered the development of cross-border e-commerce in Wenzhou. Enterprises in the low-voltage electrical industry are also facing such problems.

3.5 Cross-border e-commerce platform is difficult to settle in

For the average enterprise, the mainstream third-party cross-border e-commerce platform has huge traffic, high-quality logistics services, and effective marketing strategies. By selling products on third-party platforms, it can save a lot of cost. Current mainstream platforms include alibaba.com, aliexpress.com, and amazon.com. AliExpress, the largest online trading platform in the country, requires all merchants to enter the company as an enterprise and no longer allow individual businesses to settle in. The merchants that Amazon US Station requires to be settled must be self-operated factories with independent development and production capacity, and the quality of products must have advantages, and must have well-known brands. These conditions make it difficult for many small and medium-sized enterprises in the low-voltage electrical industry to settle in these platforms.

4. Countermeasure research

4.1 Traditional low-voltage electrical appliance enterprises should continuously strengthen the comprehensive application awareness of cross-border e-commerce

Enterprise management decision-makers need to realize that cross-border e-commerce is not only about building a mall, uploading products on the platform, but simply transforming from offline to online sales. The entire sales process should also cover product development and design, marketing strategies, product value-added and after-sales service. Cross-border e-commerce can not only pursue the sales of products, but also should improve the enterprise management level, innovation channel operation mode and other corporate development strategies. Wenzhou low-voltage electrical appliance enterprises should aim at continuously satisfying customers' humanized and individualized needs in cross-border e-commerce operations, from simply selling certain products to providing more comprehensive quality products and services to customers, exploring higher and deeper Hierarchical cross-border e-commerce operation model.

4.2 Low-voltage electrical appliances enterprises should pay attention to product innovation and brand development

When conducting cross-border e-commerce, enterprises must first ensure product quality and continuously carry out product innovation. If the product can obtain international standard

certification, it will increase the competitive advantage. In the choice of cross-border e-commerce platform, product and brand positioning, target consumer groups should be considered, and the platform should be used to integrate resources and rely on the platform for brand promotion.

4.3 Enterprises should pay attention to school-enterprise cooperation

Enterprises can strengthen cooperation and exchanges with relevant colleges and universities, integrate business needs into training programs through school-enterprise cooperation projects, students' summer social practice and order classes, and implant enterprise cases into teaching to train students to become low-voltage electrical industry. The businessman of the environment. In the cooperation, the school and the enterprise support each other, complement each other's advantages and share resources, which can not only give play to the respective advantages of the school and the enterprise, but also jointly cultivate the technical and technical application talents needed by the society and the market to solve the needs of the enterprise professionals.

4.4 Establish overseas warehouses, reduce logistics costs and enhance the shopping experience

Establishing overseas warehouses can reduce logistics costs and facilitate the development of overseas markets. Enterprises can bulk ship goods to overseas warehouses and then ship them from overseas warehouses to specific addresses, which greatly reduces many traditional trade links, time and trade costs. Due to its natural advantages, overseas warehouses enable many operations to be localized, which is beneficial to breaking local protection barriers. The goods are pre-existing in overseas warehouses to avoid some potential risks in exchange rate, politics and culture, and if After-sales problems, it is easy to realize the return and exchange, and save the secondary cross-border logistics process caused by quality problems. However, Wenzhou enterprises must also recognize the risks when they plan to use overseas warehouses. Products that are ready to be put into overseas warehouses must be selected from the best-selling products in the market. You can do market research in the target countries in the previous period; and you must pay attention to the matching between the seasons and the quantity of stocks when selecting products.^[2]

4.5 The government and low-voltage electrical industry associations should fully play their functions and provide comprehensive services for enterprises.

Local governments should give full play to their various functions, continuously improve the service content, and provide comprehensive services for enterprises to carry out cross-border e-commerce. In view of the difficulty in repatriating tax refunds, the government can increase policy support for cross-border e-commerce, and combine the actual situation of cross-border e-commerce operators to understand the relevant data on the tax refund for small and medium-sized cross-border e-commerce operators. Develop a special tax refund mechanism.

5. Conclusion

As one of the pillar industries of Wenzhou's foreign trade, the low-voltage electrical industry is bound to face the challenge of cross-border e-commerce transformation and upgrading under the development of global online retail. With the opportunity of "One Belt, One Road", Wenzhou's manufacturing industry and cross-border e-commerce companies must strive to enhance their products and services to create an international trading city with an international perspective.

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