An Analysis of the Opportunities and Challenges of Cross-Border e-Commerce Based on the Slept Model

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Abstract: Over the past few years of development, cross-border e-commerce has now become an important supporting force for China's foreign trade, and the export scale of China's cross-border e-commerce has been on the rise with an objective growth rate. However, the dynamic real-time changes in the external environment in which the cross-border e-commerce industry is located are also bringing various opportunities and challenges to the industry. This paper will combine the SLEPT model with the literature review method to analyze the current situation of the external environment in the cross-border e-commerce industry from the social, legal, economic, political and technological environment, and propose the opportunities of the external environment that cross-border e-commerce should grasp and how to deal with the challenges it brings, so as to provide guiding suggestions for the development of the cross-border e-commerce industry.

1. Introduction

The development of the cross-border e-commerce industry is now being influenced by many complex factors from the outside world, for example, the recurrence of the new epidemic brings a certain impact on international business trade on the one hand, and provides a boost for users to move online and expand the scale of e-commerce on the other; the development and changes of domestic laws are improving and supporting the overall structure of cross-border e-commerce trade; the economic ups and downs of the general environment inevitably affect whether cross-border e-commerce trade is riding the wind or encountering winter in the general direction; domestic and foreign political policies as the invisible hand control the cross-border e-commerce industry and the development and popularization of new era emerging technologies, and can provide unexpected windfall outlets for cross-border e-commerce, etc. In order to analyze the real situation of the external environment and the opportunities and challenges it may bring to the cross-border e-commerce industry, this article will use the SLEPT model as the basis combined with the literature review method to sort out the general industry environment encountered by the cross-border e-commerce industry and what responses can be made to the impact brought by the environment.

2. Recent Development of Cross-Border e-Commerce in China

In recent years, China's cross-border e-commerce industry in general has shown a good and rapid development trend.

In 2020, Amazon Global Store released the "From New Formats to New Normal - 2020 China Export Cross-Border E-Commerce Trends Report", which shows that during the past five years from 2015 to 2019, the development of Chinese sellers showed more diversified sellers' geography and type, accelerated global layout, enhanced brand awareness, accelerated product innovation, and Five significant trends in response capacity upgrade. Export cross-border e-commerce has become an important support force for China's foreign trade, and is becoming the "new normal" from the "new formats" of foreign trade.

In addition, according to iResearch's "2021 China cross-border e-commerce export logistics service provider industry research report" shows that in recent years, China's cross-border export e-commerce scale has been on the rise, the growth rate has been as high as 20% or more, in 2020, China's cross-border e-commerce export market size reached 464.79 billion yuan, a year-on-year growth rate of 26.9%.

China's cross-border e-commerce development is generally positive, and still has a large growth space in the future as business is expanding to emerging countries with demographic dividends, such as Brazil, India and South Africa.

On this basis, it is especially important to grasp the opportunities brought by the external environment and try to avoid the risks.

3. Previous Literature

"The research topic of this article is "An analysis of the opportunities and challenges of cross-border e-commerce based on SLEPT model". Using keywords "trade environment" and "cross-border e-commerce" to search the literature in the database of China Academic Journal Network Publishing Database (CAJD), China Doctoral Dissertations/Master's Theses Full-Text Database (CDMD), China Core Newspaper Databases (CCND), The China Proceedings of Conferences Database (CPCD) and other databases were searched. The search results are as follows: the number of detection results obtained by searching the CAJD, CDMD, CCND and CPCD with the keywords "trade environment" are 865, 238, 765 and 119, respectively. There are 8,556, 1,028, 1,868 and 297 searches for "cross-border e-commerce", respectively. There are 22, 0, 0 and 14 fuzzy searches with "trade environment" and "cross-border e-commerce" as keywords. Considering that "trade environment" is not directly used as a topic or keyword in general writing, which leads to a small number of fuzzy search results, the SLEPT model, which can analyze trade environment, was selected, and the five factors in SLEPT were searched separately. The search results showed that the results of fuzzy search in the database with "social" and "cross-border e-commerce" as common keywords are 984, 77, 88, and 22 respectively; "legal" and "cross-border e-commerce" as common keywords are 517, 173, 7, 14; "economy" and "cross-border e-commerce" are 3705, 679, 422, 105; "Policy" and "cross-border e-commerce" are 2045, 469, 116, 58; the numbers of "technology" and "cross-border e-commerce" are 2069, 539, 37, 80.

Through the query data, it can be seen that the research on "trade environment" and "cross-border e-commerce" can be said to be rich in previous theories and have solid theoretical cornerstones; the research on "foreign trade environment of cross-border e-commerce based on SLEPT model" can be said to have a certain amount of literature support. The research on "foreign trade environment based on SLEPT model" can also be said to have amounts of literature support, which can be sorted out.

4. Analysis Based on Slept Model

4.1 Social Environment

The first and foremost factor influencing the social level is the recurrent COVID-19 situation in

the current macro context. At present, the epidemic has entered the post-epidemic era. The post-epidemic era refers to the era when the international epidemic is still spreading and the domestic epidemic is basically under control. The difference in domestic and international economic environment caused by the epidemic provides a very rare opportunity for cross-border e-commerce to develop foreign trade business against the trend (Kangyu Shen, 2020).

In addition, in terms of consumers' consumption habits, Qingxia Zhang(2022)[1] points out that online shopping can gradually become one of the purchasing channels for global consumers, or because the "Otaku economy" has become a rapidly developing economic model in the current international context; In addition, China's consumers have a better trust in cross-border e-commerce, which can help promote the development of purchasing habits and effectively promote the development of cross-border e-commerce (Yili Lin, 2019) [2].

And from the point of view of social awareness of e-commerce, there is a serious regional unevenness in the development of e-commerce in China, and the social awareness of e-commerce in the central and western regions needs to be improved, while the eastern regions should develop jointly with the central and western regions (Yan Guo and Yuping Wang, 2020) [3].

Finally, from the perspective of population quality, on the one hand, it can be found that, as consumers, China's per capita education level has increased, pulling the cross-border e-commerce economy; on the other hand, as a reservoir of e-commerce talents, Zhaoyan Yu (2020) [4] focuses on the bottleneck of talent gap in cross-border e-commerce development, pointing out that e-commerce enterprises have a large talent gap compared with other industries, and the traditional training model and e-commerce talent demand The contradiction is becoming increasingly serious, and the full network and omnichannel operation of cross-border e-commerce requires a re-examination of the talent training model in terms of talent structure; Jianxin Li (2022) [5] also suggests that the supply of cross-border e-commerce professionals is insufficient, firstly, the market itself lacks composite talents, and secondly, the professional settings of higher education institutions have not kept up, and the reserve talents are also difficult to meet.

4.2 Legal Environment

The legal environment in which China's cross-border e-commerce businesses operate has room for improvement in three areas: the integrity of regulation making, the punishment of crime, and the protection of consumer rights.

To regulate the development of the e-commerce industry and protect the rights and interests of all parties, on August 31, 2018, the fifth meeting of the Standing Committee of the 13th National People's Congress voted to adopt the E-Commerce Law, which came into effect on January 1, 2019. However, in studying the impact of the E-commerce Law on cross-border e-commerce in China, Lu Wang(2019) [6] found that although the E-commerce Law has addressed some of the fundamental issues to a certain extent, "China's legal system is not perfect, the objects of the role in bankruptcy liquidation procedures are not clear, and the bankruptcy liquidation procedures lack regulation", Yiran Chen (2021) [7] points out that there is a lack of a regulated legal system for food safety in the cross-border e-commerce model. It can be seen that the current E-commerce Law lacks detailed and perfect laws and regulations in many aspects.

Meanwhile, Liu et al. (2021) [8], in their analysis of the crime status and guilt of crimes involving cross-border e-commerce retail imports, point out that crimes involving cross-border e-commerce are mostly of the smuggled goods variety, while the legal measures established for smuggling are still highly controversial and the improvement of cross-border e-commerce retail import supervision needs to be improved.

In the face of consumers, from the situation of consumer rights in online overseas shopping in

recent years, many consumers will choose to give up or fail to defend their rights in the end because of themselves, the buyer (third-party platform), and the actual supplier, so the issue of consumer rights has become an important issue for many people (Tong, 2019) [9].

4.3 Economic Environment

Overall, the economic environment in which China's cross-border e-commerce is operating is growing at a steady pace.

At the national social level, the increasing per capita disposable income of China's residents means that their consumption level will also increase, and the demand for cross-border shopping will also increase in addition to the expenditure on daily necessities, and these residents will be the reserve users of cross-border e-commerce import platforms, promoting the development of cross-border e-commerce import platforms (Hongzhi Cai, 2021) [10]; in the economic system of cross-border e-commerce itself, with the profit space induced as well as the support of national policies, China's foreign trade industry accelerates its transformation, and in 2020, the transaction scale of China's cross-border e-commerce industry reaches 12.trillion yuan, an increase of 19.05% over last year. In general, China's foreign trade environment is continuously optimized, with stable economic growth and good development momentum (Yingying Ma, 2022) [11].

The economy suffered less under the impact of the epidemic. Taking cross-border e-commerce in Fujian Province as an example, Fujian has a prominent export-oriented economy, and under the impact of the epidemic, the GDP growth rate in Fujian fell by 5.2% year-on-year in the first quarter of 2020, and the export economy continued to decline in the first half of 2020, although the export growth rate turned in June (Min Chen et al., 2021) [12].

And when the economic environment is narrowed down, the uneven economic development between regions in China will also inevitably result in uneven development of the cross-border e-commerce industry. For example, cross-border e-commerce in the economically developed Yangtze River Delta region shows a more advanced development pattern, and Jindan Cui's (2020) [13] study found that cross-border e-commerce sellers in the region are diversified in terms of geography and type, accelerated in terms of globalization layout, and strengthened in terms of brand awareness across the board and rapid development.

4.4 Political Environment

China has always provided positive support for cross-border e-commerce development in the general direction.

For example, in the early days, Mengxiong Cheng (2017) [14] points out that the structural reform on the supply side will lead to the rapid development of cross-border e-commerce platforms and an unprecedented increase in competition among them.

Recently, the Regional Comprehensive Economic Partnership (RCEP) has also just officially entered into force on January 1, 2022. Cross-border e-commerce is seen as the first industry to enjoy the RCEP policy dividends, and several segments will benefit: reducing or even eliminating the risk of tariffs imposed on postal parcels, reducing the cost of raw materials and overseas logistics and warehousing, accelerating the internationalization of the RMB and thus reducing the exchange risk of enterprises (Daoli Chang et al., 2021) [15].

However, Sino-US trade friction and the concept of double-cycle and carbon neutrality have also posed problems for cross-border e-commerce.

Siyuan Xie et al. (2019) [16], on the other hand, pointed out that under the Sino-US trade friction, the US government has imposed substantial tariffs and harsh investment restrictions on our exports, which have created a relatively large impact on the development of cross-border e-commerce

logistics in China.

In contrast, under the concept of achieving carbon neutrality in carbon daftness, there are still various problems in export branding of cross-border e-commerce, with weak brand awareness, lack of tonality, unstable quality, and insufficient marketing ability hindering the development of cross-border e-commerce (Xiangqin Chen et al., 2022) [17]. Not coincidentally, Yueqing Ye (2021) [18] also pointed out in his study that in the context of double-cycle development, China's cross-border e-commerce comprehensive experimental zones show the problems, issues and problems of poor customs clearance convenience, product quality to be improved, greater risk of cross-border e-commerce payment, and infrastructure still imperfect.

In addition, from an overall perspective, Hongye Li et al. (2021) [19] showed in their study that in cross-border e-commerce, the government mostly uses environment-based policy tools for regulation, with a moderate proportion of supply-based policy tools applied and a lack of demand-based policy tools used; there are large differences in the range of topics applied by policies of different strengths; and government subjects tend to use normative policies of weak strength.

4.5 Technical Environment

The application of new science and technology in our e-commerce platform is indeed each putting on a different light.

As an example, Linshan Liu (2020) [20] points out that in the context of the rapid development of new media in China, cross-border e-commerce mediated by new media will gain new space for development, both in terms of communication efficiency and the amount of information disseminated, which will provide for the further development of cross-border e-commerce.

In addition, technology, such as artificial intelligence, has enriched the form of cross-border e-commerce. In the past two years, AI virtual characters began to appear in the field of live e-commerce, which represents that AI and live e-commerce are gradually integrating and achieving each other. This approach has opened up a brand new application path for AI and created a new way to play in the field of live e-commerce (Liru Xin et al., 2021) [21].

Guokai Zheng et al. (2022) [22] studied the innovation model of "blockchain+cross-border e-commerce" from the perspective of information synergy, pointing out that "blockchain+cross-border e-commerce" can solve the problem of information asymmetry, improve the efficiency of cross-border payment, reduce the cost of cross-border logistics, improve security, and help strengthen the supervision of cross-border e-commerce. It also helps to strengthen the supervision of cross-border e-commerce.

5. Opportunities and Challenges

Based on the analysis of the external environment for the development of the cross-border e-commerce industry from the five environmental disciplines - social, legal, economic, political and technological - in the literature review above, this paper summarizes the following opportunities and challenges to be addressed [23].

5.1 Grasp the Stable and Positive Social Environment and Increase Efforts to Introduce Professional Talents

From the research as well as the current social reality, the social environment in which the cross-border e-commerce industry currently operates is, on the whole, stable and favorable [24], which is conducive to the development of cross-border e-commerce. Faced with such advantages, the cross-border e-commerce industry needs to actively grasp various opportunities, such as actively

promoting overseas markets in the post-epidemic era, further enhancing consumer trust and stickiness, as well as studying consumer preferences in the eastern part of China to grasp the market.

On the other hand, from the talent pool, China's cross-border e-commerce want to have long-term good development still exists a certain challenge [25]. It is difficult for enterprises to change the status quo of education and college construction from their own perspective, but what they can do is to improve the salary and welfare of personnel, create a bright future for the employment situation in the industry, which can attract more talents from all walks of life to flock to the cross-border e-commerce industry on the one hand, so that each can do their own job and make progress together [26]; on the other hand, it can also let the society level see the advantages of engaging in the cross-border e-commerce industry and form a targeted training to meet the development needs of cross-border e-commerce. On the other hand, it can also let the community see the advantages of engaging in the cross-border e-commerce industry and form a culture of cultivating composite talents that meet the needs of cross-border e-commerce.

5.2 Pay Attention to the Changes in the Content of Laws and Regulations, and Seek Progress in a Stable Manner to Avoid Violations of the Law

At present, China's cross-border e-commerce industry for the laws enacted due to the incompleteness, punishment is not strict and the protection of consumers is not enough, can only be said to play the role of the bottom [27]. In this context, the country will certainly be in the development of dynamic adjustment and improvement of the law at any time, so enterprises should pay particular attention to the legal content and development, can hire a professional team of lawyers to pay attention to the laws and regulations in real time [28], to apply the current basic laws and regulations, grasp the future direction of the development of laws and regulations, to never break the law, but also to actively take up the legal weapons as far as possible to protect their legitimate rights and interests.

5.3 Take Advantage of Macroeconomic Development and Develop Domestic Potential Development Market

At present, the steady growth of China's macro economy has provided a "tailwind" for the development of the cross-border e-commerce industry. In the context of China's sustained economic growth, the cross-border e-commerce industry should find ways to seize the opportunity to promote the rapid development of the industry itself.

In the domestic development of the market level, should pay real-time attention to national support policies, focus on the domestic development potential of the central and western markets, first rooted in the beginning, accounting for the blue ocean market [29]. On the one hand, this is conducive to the long-term development of the enterprise itself, can inject fresh economic blood; on the other hand, it is also to balance the development of the domestic cross-border e-commerce industry, by driving the economy of central and western China to help promote the national economy, so that they can complement each other and create long-term dividends.

5.4 Comply with the Trend of National and International Policies, and Strive to Improve the Current Industry Disadvantage

Overall, the policies introduced in China have played a catalytic role in cross-border e-commerce, providing many dividends for the development of the industry [30]. Although some of the concepts will now expose most of the development shortcomings of the cross-border e-commerce industry, forcing cross-border e-commerce must come up with countermeasures to solve the problem as soon

as possible, but short pain and long joy, through this wave of development changes, the future development of the cross-border e-commerce industry will be more in line with the ideal concept of society, while the improvement of disadvantages also makes it easier to step out of the comfort zone and usher in opportunities in new markets.

Therefore, the cross-border e-commerce industry needs to vigorously develop the integration and management of the logistics supply chain in response to the poor convenience of customs clearance as pointed out by the current academic community; actively build the value and added value of products to keep pace with the times in response to product quality issues; actively introduce blockchain and other technologies to ensure the security of consumers' privacy information in response to cross-border e-commerce payment issues, etc.

5.5 Give Full Play to the Strengths of Our Technology and Actively Apply to Create New Scenarios

Technology in the cross-border e-commerce industry not only plays a role in supporting the industry framework, but also to open up new scenarios for the market, forming the "icing on the cake" effect.

The development of technologies such as the new media environment, blockchain and artificial intelligence can provide cross-border e-commerce with rich sources of outside information and channels to deliver information to the outside world, while also building a safe and interesting consumption model.

The industry should pay attention to the development of   technology at home and abroad, focusing on grasping the strengths of our technology, thinking about how a technology can empower the industry, the pain points of the industry, innovative thinking to develop new markets and create new consumer scenarios.

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