

# *Optimization Strategy of Logistics Supply Chain in Cross-border E-Commerce*

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**Abstract:** This paper analyzed the problems of supply disorder, multi-link, logistics cost, higher supply chain, which require enterprises to solve from the aspects of process link, logistics service, big data analysis, and further put forward the optimization strategy of cross-border import e-commerce supply chain.

## **1. Introduction**

At present, there are many platforms in the cross-border e-commerce industry that have come to an end because of supplies, logistics, and other reasons. The giants such as Netease Kola Sea Buy, Tmall International, Proview International, and Jingdong Global Purchase rely on existing supply chains. Still on the court. What is certain is that a new Shuffle is about to begin, and the key word for this round is the supply chain. Supply chain is the core of supply and logistics.(Yan,Chen,2015)

Cross-border e-commerce is different from domestic direct transfer. The construction of overseas warehouses ensures that e-commerce companies can directly purchase high-quality and low-cost product storage overseas, and rely on the existing domestic logistics system to deliver products to consumers. Strong supply chain integration capacity has become a key point to test cross-border e-commerce.

## **2. Analysis on the Link and Model Characteristics of Cross-border Import E-Commerce in the Age of "Internet Plus"**

More and more people are choosing to stay at home and "hashish" global merchandise. In the first quarter of 2017 alone, China's cross-border import retail e-commerce market was 93.82 billion yuan, up 17.6 percent over the previous month. By 2018, China will have 35.6 million people and a total of 1 trillion yuan.

Most of the sea Amoy people are mainly "after 80" and "after 90", and there are generally three types. The first category is quality mothers, focusing on mother and child products, nutritional health products, and foods. The second type is digital talent, focusing on digital products and outdoor equipment; the third category is fashion people, concerned about suitcase shoes and hats, beauty makeup skin care products (Kailuo qualitative symposium). (Yu, Cheng, 2014)These three types of products are generally explosives on cross-border imported e-commerce platforms. The price of products sold on different platforms and sellers varies greatly. The reason is that the import

links and processes are not the same.

There are three types of business models for cross-border importing e-commerce. They are online direct mail, bonded mail, and bonded direct sales. The largest mode of cross-border import business is bonded mail. Taking this business model as an example, cross-border e-commerce imports include foreign brand or retailer contracts, source organizations, international warehousing logistics, domestic bonded customs clearance, user online selection payments, domestic logistics, and user loyalty maintenance. This is the most ideal process for importing e-commerce. Some explosives can not be signed directly with foreign brand vendors. They can only be purchased through various channels such as foreign distributors wholesalers, foreign commercial supercommercial merchants, and buyers. Coupled with the cumbersome links such as tariffs, trade barriers, and payment risks, risks have increased and the process is difficult to control.

### **3. Cross-border import e-commerce model**

#### **3.1 Import commercial B2C mode**

Most of the imported e-commerce B2C models, the more famous B2C cross-border e-commerce companies have Suning overseas purchases, Beijing-Donghai outsourcing, honey Bud baby and other self-supporting models. Adopting this model requires merchants to have a better capital chain and value chain basis in China. Seek overseas commercial resources, It is convenient to control the quality of the goods and ensure that the goods sold can be trusted by consumers. In the B2C model, there are also a number of e-business platforms that provide themselves with third-party companies to operate cross-border businesses, such as Aipao Bonus, Tmall International, and Shunfeng Haitao. (Cheng, Zhang, 2016) The platform audits business qualifications, and manages sellers through signing agreements and collecting annual fees for deposits.

There are generally four supply modes used by e-commerce under the B2C model: First, it is purchased from domestic distributors of foreign brands; The second is the direct procurement of employees of foreign offices, taking the form of general trade; The third is foreign procurement, take the free trade area or bonded area of the cross-border pilot city, temporarily deposit in the bonded warehouse, and wait for domestic customers to order the delivery; Fourth, direct mail purchased from abroad.

#### **3.2 Import C2C mode**

Through the micro-shop, stationed in Taobao Global Purchase, Ocean Terminal, micro-business, etc. to carry out business, or personal purchase. The businesses under the C2C model are generally small and micro businesses, and the capital strength is no more than that of the big ecommerce, but the service attitude is good, the choice of single products is wide, and excellent buyers create some brands through their strong fashion sense and influence. At the same time, it can provide personalized services according to the requirements of users.

### **4. Analysis of Supply Chain Shortness and Causes of Cross-border Imports**

In numerous cross-border e-commerce platforms, websites, and private purchases, there is a mixture of fish and fish, and there are no shortage of bad businesses and individuals. The short supply chain of imported e-commerce is suddenly emerging.

#### **4.1 The supply is chaotic, true and false is difficult to distinguish**

Almost all cross-border e-commerce import platforms are known as "100 true products" and "100 original products", but they can not be traced back to the entire process. Most of the buyers are individual buyers or professional buyer teams. They only use the platform's popularity to make consumers believe in real products and original ones. It's weird. For example, the same products, which are sold online on the same company's platform, such as international purchase of Tmall and global purchase prices, are different or even very different, which may cause customer shopping suspicion and hinder consumer confidence. (Fanheng, Zhou, 2014)

#### **4.2 Payment is risky and costly**

On the one hand, the virtual nature of electronic commerce may have the risks of fraudulent transactions and fraud, money-laundering risks and the cross-border movement of funds; On the other hand, the fund reserve account of the payment institution will generate capital deposits, there are hidden risks to the safety of funds and moral hazard. China has not yet issued the regulatory rules on cross-border payment, and customer funds are at risk. Fees paid by third parties are also high.

#### **4.3 Customs clearance efficiency still needs to be improved**

In direct mail mode, customs clearance is cumbersome. "Under the background of the Internet + era, cross-border shopping demand has exploded, and express items and parcels have continuously flocked to the customs. Cross-border e-commerce companies with records have generally not passed customs clearance in pilot cities for more than 24 hours, and the efficiency of customs clearance has been greatly tested.

#### **4.4 Logistics costs and links remain bottlenecks**

Logistics costs are high. Although there are currently some overseas warehouses and domestic bonded warehouses, it also requires a lot of funds to invest. The logistics process has not been fully monitored and can not be completely reassuring to buyers. According to data provided by Ai Rui Consulting Group in 2013, China's cross-border online shopping users' comparative satisfaction is 42.2, which is lower than domestic online shopping's 59.4, and the unsatisfactory rate is 4.6, which is much higher than domestic online shopping's 1.1. Among them, the main reason for dissatisfaction is that the length of logistics time accounts for 36.1, the higher freight rate accounts for 35.7, and the trouble of repaying goods accounts for 37.9. (Guanghua, Zhao, 2014)

There are also domestic imports of cross-border e-commerce operators weak strength, limited categories and other shortcomings. When it comes to importing cross-border e-commerce platforms, 10 people can name 8, and each platform has limited influence and popularity. All this suggests that cross-border imports are relatively small and that the true supply chain has not yet been formed.

### **5. Supply Chain Optimization Strategy for Cross-border Imports**

#### **5.1 Cross-boundary e-commerce platform alliance, unified negotiation with foreign brands**

The main reasons for the low bargaining power of domestic small and medium-sized cross-border e-commerce companies and the inability to directly sign contracts with foreign suppliers are scattered demand and insufficient demand. At present, most cross-border e-commerce companies

are purchased by individuals or professional teams from overseas retailers and then sold to domestic consumers. It has not opened up the supply chain to obtain a true source of supply. If several cross-border e-commerce platform alliances can be jointly negotiated, authorized by some famous foreign brands, and the connection of supply sources can greatly reduce the cost and cost of supply links.

## **5.2 Break through traditional thinking and exchange ideas with foreign sellers**

At present, 90 % of the cross-boundary import platforms are self-operated through middlemen. Small and medium-sized cross-border e-commerce has low bargaining power, and it is difficult to sign direct supply contracts with foreign brands. Large cross-boundary import platforms have large procurement volumes and strong bargaining power. However, it is also difficult to sign a contract with a brand, for many reasons, such as cultural differences, account period issues, etc.. Domestic e-commerce companies generally have the phenomenon of defaulting on the payment of suppliers, but foreign companies insist that they can not be owed. Therefore, it is a long way to go for cross-border electronic importers to coordinate their supply with foreign brands. They need to adapt to different business styles, different ethnic cultures, and different ways of thinking under different political systems.

## **5.3 Cooperation with cross-border logistics supply chain service providers**

Hope There are five major logistics modes for cross-border e-commerce: Postal parcels, international express delivery, domestic express delivery, dedicated logistics, overseas warehouses or bonded warehouse models. The Postal network is full, but the port and timeliness are poor. Packages from China to the United States generally take 15 days. International delivery is much faster, but it is also more expensive. During the period of domestic express delivery or development, Shen Tong and Yuan Tong were on the line in South Korea in 2014. Shunfeng can send them to the United States, Australia, South Korea, Japan and other countries and regions. (Xiangyang, Li, 2014)

Dedicated line logistics reduces costs through scale effects. At present, common logistics products include the United States, Europe and the United States, and Australia. Cross-border importing e-commerce companies select suitable logistics service providers based on product characteristics, and sometimes even use complex logistics supply models to meet consumer needs. For example, Tmall International's overseas direct mail products use segmented transportation and express transportation. Integrated logistics services to reduce the cost of cross-border logistics, but also facilitate the implementation of logistics monitoring, sourcing can be traced.

## **5.4 Do a good job in big data analysis and precision marketing**

In cooperation with the big data platform, we will keep abreast of consumers 'personal and trading information, grasp the needs and concerns of target groups, grasp consumer psychology and consumer habits, and carry out targeted and accurate marketing. Like Taobao's "daily recommendations" and "personal customization", it builds its own ecosystem around consumers, layouts offline services and free stores or brands. For example, after the "honey Bud baby" was renamed "honey Bud", the product portfolio positioning was expanded to mother and child products, and offline experience stores were developed. The consumption scene was expanded and precision marketing was carried out with Baidu data analysis. (Jianwei, Wu, 2015)

## **5.5 Overseas warehouse and bonded warehouse logistics model combination**

After the implementation of the new tax policy, two batches of cross-border import lists can

meet the needs of most domestic consumers. Some cross-border e-commerce retail imports are included in the scope of policy implementation, and the tax rate of most goods imported into bonded warehouses will increase. It is an indisputable fact. The establishment of overseas warehouse handling business will be a better choice. For example, after collecting goods from overseas warehouses, if it is not on the front list, it will enter the country by personal mail and collect Postal taxes at the same time; In the case of goods included in the list that can not be supplied with a customs declaration, import them by direct mail and tax them by means of cross-border import; If it belongs to the goods in the positive list, it can enter the bonded warehouse in bulk(the entry area also needs to provide a customs declaration), and then enter the country by bonded import. At the same time, it is taxed according to the cross-border import method. The software system must also be connected with the customs system accordingly.

## 6. Conclusions

The real meaning of "cross-border" is that cross-border e-commerce platforms can present high-quality products from abroad to users through self-employment and direct mining. The cross-border e-commerce platform reduces the risks faced by users when purchasing foreign goods by tightening the source of quality and commodity output, and allows shopping to be restricted to other countries. From then on, "purchasing without borders".

For cross-border e-commerce enterprises, who will have a stronger ability to integrate supply chains, link supply, logistics, and payment, and develop a resilient and personalized model in a complex environment, will not only gain various important advantages. Will attract more loyal customers. Of course, who will be the winner will depend on the consumer's choice.

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