

# *Research on the Problems of Products from "Factory" to "Home" from the Perspective of Cross-border E-commerce*

## *—Take Guangdong Province as an Example*

Jiajia Zhu, Jinxia Yu

*School of Business, Hebei University of Economics and Business, Xuefu Road, Xinhua District,  
Shijiazhuang, China  
2418049555@qq.com*

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**Abstract:** In recent years, the national and local governments have attached great importance to the development of cross-border e-commerce, and introduced relevant policies intensively. Traditional enterprises have been trying their hydropower business in succession, and cross-border e-commerce has developed rapidly in the short term. Under such a new era of global economic integration and extensive Internet application, Guangdong province, as a major foreign trade province in China, has rapidly developed the cross-border e-commerce industry. So far, it still leads the team in China's cross-border e-commerce sector. This paper mainly studies Guangdong's foreign trade from the perspective of cross-border e-commerce to study the whole process of online trading products from the factory, through the intermediary operation, and finally to the consumers. Through the analysis of the operation process of products from manufacturers to consumers, this paper evaluates the operation process, the operation process is evaluated, the problems are found, and the solutions are proposed to provide reference for the development of the cross-border e-commerce industry in Guangdong.

## 1. Introduction

At present, domestic and foreign scholars have made a lot of research on the related fields of cross-border e-commerce, having obtained abundant research results. In the new situation of cross-border e-commerce, the development of foreign trade in Guangdong province has also been affected (Boxu Mo, 2018). Similarly, the impact analysis of cross-border e-commerce on Guangdong shows that the impact is positive and negative (Xiaoling Li, 2017). According to the survey, cross-border e-commerce in Guangdong exists the problems of rapid development but uneven regional development (Yong Zhang, 2016). China's cross-border e-commerce sector needs to take corresponding development strategies (ZHIGANG HU, 2017). Integrate cross-border e-commerce with cross-border logistics to improve the logistics service system (Yalan Gao, 2018). From the

perspective of sales channels, problems also exist in trade intermediaries (Shuzhong Ma, 2017). Through the analysis of specific cases, the constraints on the development of small and medium-sized cross-border e-commerce platforms cannot be ignored (Lingshan Pan, 2018). Through specific cases, the existing problems of cross-border e-commerce in ningbo are studied and Suggestions are given (Qianqian Ge, 2016). There is a correlation between cross-border e-commerce and product payment methods (Jinhao Li, 2017). From the perspective of consumers, the online management system of cross-border e-commerce should also be improved (Reinhard Steennot, 2016). Abundant achievements have been made in the field of cross-border e-commerce, which is worth learning from. This paper takes foreign trade in Guangdong province as the research object, and studies the whole process of online trading products from the view of cross-border e-commerce, through intermediary operation and finally reaching consumers.

## 2. Development of cross-border e-commerce in Guangdong province

According to research reports issued by the national bureau of statistics, the ministry of commerce and other government agencies and research institutions such as iResearch, cross-border e-commerce has been developing rapidly and its share of import and export trade in China is getting higher and higher. As the longest province in China's coastline, Guangdong province is located in the shipping hub of the South China Sea. At the same time, with the effective driving of free trade zones and special economic zones, the cross-border e-commerce industry in Guangdong has developed rapidly and made certain achievements.

### 2.1 Development Background of Cross-Border E-Commerce in Guangdong

#### 2.1.1 China's Overall E-Commerce is Developing Rapidly

Table 1 The development of cross-border e-commerce in China from 2012 to 2017.

| Year    | E-commerce market transaction scale (trillion yuan) | Cross-border e-commerce market transaction scale (trillion yuan) | The year-on-year growth rate of cross-border e-commerce (%) | Proportion of Cross-border e-commerce in the e-commerce market (%) |
|---------|---|--|---|--|
| In 2012 | 7.85  | 2.1  | ---   | 26.75%   |
| In 2013 | 10.2  | 3.15   | 50%   | 30.88%   |
| In 2014 | 13.4  | 4.2  | 33.3%   | 31.34%   |
| In 2015 | 18.3  | 5.4  | 28.57%  | 29.51%   |
| In 2016 | 22.97   | 6.7  | 24.07%  | 29.17%   |
| In 2017 | 28.66   | 7.6  | 13.43%  | 26.52%   |

Since China started the cross-border e-commerce business, many traditional enterprises have been trying the hydropower business. Local governments have also attached great importance to the development of cross-border e-commerce, and issued relevant policies to actively promote the development of domestic electronic transactions. In recent years, the development scale of China's e-commerce has been continuously expanding. As shown in table 1 below, the transaction scale of China's e-commerce market has been in a monotonous and increasing trend, and the transaction scale of cross-border e-commerce also comes into play. In 2014, China's cross-border e-commerce transactions accounted for the largest proportion of the entire e-commerce transactions, accounting for 31.34%. Although the proportion has declined in the past three years, cross-border e-commerce has indeed been in a month-on-month growth trend. According to the 2018 (top) China cross-border

e-commerce market data monitoring report, China's cross-border e-commerce transactions reached 4.5 trillion yuan in the first half of this year, up 25% year-on-year. This overall economic data is the embodiment of the current e-commerce transaction boom in China, and the macro environment is more conducive to the development of cross-border e-commerce in Guangdong province.

### **2.1.2 Relying on Special Economic Zones and Free Trade Zones**

Guangdong's cross-border e-commerce started from January 2013, when the general administration of customs approved the pilot of cross-border e-commerce retail export in Shenzhen, adjacent to Hong Kong. As a pilot city, Shenzhen has become a pioneer in cross-border e-commerce in Guangdong. The pilot work achieved breakthrough progress in 2014 and obtained the two-way pilot qualification for import and export. At the same time, it released the first national standard for cross-border e-commerce, and established the country's first cross-border e-commerce credible transaction guarantee system. In December 2014, the state council established the Guangdong pilot free trade zone, which provided some economic convenience and promoted the development of cross-border e-commerce in Guangdong province.

## **2.2 Development Status of Cross-Border E-Commerce in Guangdong**

After several years of active participation and joint efforts of cross-border e-commerce entities, cross-border e-commerce in Guangdong province has continued to develop, and its development status is mainly as follows:

### **2.2.1 Cross-Border E-Commerce Scale Ranks First in China**

From the perspective of the scale of cross-border e-commerce import and export, according to the data provided by the provincial bureau of statistics, the import and export of foreign trade in Guangdong province increased by 2.7% year-on-year in the first half of 2018, among which cross-border e-commerce increased by 82.1 percent year-on-year, continuing to rank first in the country. It is reported that in 2017, the import of cross-border e-commerce in Guangdong was 44.19 billion yuan, a year-on-year increase of 93.8%, ranking first in the country. In addition, the domestic cross-border e-commerce platform NetEase Koala pointed out that in the first half of 2018, Guangdong cross-border e-commerce sales increased by 100% compared with the same period last year. On the other hand, the scale of cross-border e-commerce in Guangdong province is also among the best in China. In 2017, the geographical distribution of China's export e-commerce sellers is the largest in Guangdong province, accounting for 24.8% of the country, about a quarter of the number of sellers, followed by Zhejiang province (16.8%) and Jiangsu province (11.3%), while Guangdong, Zhejiang and Jiangsu provinces accounted for 52.9% of the country's cross-border e-commerce sellers.

### **2.2.2 Unbalanced Regional Distribution**

Guangdong, as the largest foreign trade province in China, accounts for 70 percent of the total transaction value of cross-border e-commerce, and has several million employees. In terms of sales, Shenzhen accounted for about 50 percent of cross-border e-commerce enterprises in Guangdong in 2017, while Guangzhou accounted for about 30 percent, while the remaining cities in Guangdong accounted for less than 20 percent, mainly concentrated in the Pearl River Delta region. Despite the active efforts in other regions, the gap is still significant, and the eastern and western regions are still in their infancy.

### **3. Advantages and disadvantages of products from "factory" to "home" operation**

In cross-border e-commerce trade, the transaction process from "factory" to "home" of products goes through several links. Electronic transactions have reduced many transaction processes for traditional transactions, bringing many benefits to enterprises and consumers. Although the cross-border e-commerce trade in Guangdong province has opened a new channel for the whole production and sales of products from a larger perspective, some drawbacks and shortcomings have also emerged with the continuous evolution of cross-border e-commerce in Guangdong.

#### **3.1 Advantages of Cross-Border E-Commerce For Online Products in Guangdong**

Cross-border e-commerce facilitates cross-border sales of products and cross-border consumption of consumers in Guangdong province. Its specific performance is as follows:

##### **3.1.1 The Competitive Advantage Brought by The Decline in Product Prices**

Before the emergence of cross-border e-commerce, the foreign trade of enterprises in Guangdong province mainly relied on traditional trade methods, such as e-commerce negotiations or the search for third-party entrusted companies to export goods. The cost of products increased by middlemen multilayer circulation. In terms of cargo transportation and customs declaration, it also costs time and money due to the delivery of documents before the online transaction, so that the combined effect of product price will be followed. After the construction of the cross-border e-commerce platform, many entities in the province pay attention to online sales, and enterprises can directly contact with the final consumers through online operations, thus eliminating the need for intermediary transactions. Meantime, it can also save the cost of renting store for small and medium-sized e-commerce enterprises. The decline in product prices has made Guangdong's export products occupy a certain competitive advantage in the foreign trade market. For the province's enterprises, it can attract more customers and bring a larger market share. Of course, this is also beneficial to overseas consumers.

##### **3.1.2 Upgrade and Innovate Old Products**

In recent years, some traditional international trade enterprises in Guangdong have closed down, and another part of enterprises are facing transformation due to the influence of political, economic and cultural factors. The development of cross-border e-commerce provides new models and opportunities for the transformation of traditional international trade enterprises, and many enterprises have turned to online sales. Consumers are more likely to get products in the new environment. In such an environment, consumers inevitably stimulate more consumption demands and pursue quality and diversified consumption, which also stimulates enterprises to upgrade old products. As a leader in the field of air conditioning, Gree electric appliances is second to none among the industrial brands in Guangdong. With the improvement of demand, the functions of its series of air conditioning products have been constantly upgrading, from simple refrigeration to both cooling and heating, from high power to frequency conversion. In addition to the original products, its products range from air-conditioning spans to various types of home appliances to meet the needs of consumers to the greatest extent. On the other hand, the development of cross-border e-commerce has stimulated the emergence of some new products. The "three squirrels", a pure e-commerce brand, came into being under such circumstances. The modernization of B2C mode and new product style refresh the eye of the public.

### 3.1.3 Improvement of Timeliness

Cross-border e-commerce saves time cost for product transaction and improves the timeliness of the whole transaction, which can be reflected in three aspects. On the one hand, cross-border e-commerce provides online communication platform for both the buyer and the seller. The buyer can timely consult the seller according to product type, performance, service, etc., and the seller also provides pre-sales and after-sales service of the product in real time according to the demand to provide solutions for relevant customers as soon as possible. On the other hand, overseas consumers can track the logistics news in real time according to the express delivery number, and know the transportation status of the products at any time after the delivery of the transaction products. Through cross-border e-commerce, we can know the transportation status of products at any time, which drives away the trouble of telephone consultation and working time limit. Third, foreign products can enter nansha bonded warehouse in advance since Guangzhou became the national cross-border e-commerce pilot, and they can be immediately cleared customs and shipped as soon as they receive orders. For consumers, the timeliness of online global online shopping is much higher than that of overseas online shopping.

## 3.2 Problems in Product Operation

Although the cross-border e-commerce platform is conducive to the development of Guangdong's products online, the price, type and timeliness of products have been optimized and improved, some of the shortcomings of foreign e-commerce trade are also becoming obvious with the deepening of cross-border e-commerce business.

### 3.2.1 Low Delivery Limit

An important special feature of cross-border e-commerce is the increasing quality of consumption. According to the 2016 Amazon cross-border e-commerce trend report, quality and price have become the two most important factors for cross-border online shopping consumers for the first time. There is no denying that product quality plays a central role in a successful transaction, and product quality problems are actually unavoidable for consumers. According to the risk monitoring data of the cross-border import of e-commerce in 2016 by the AQSIQ, there were 26,373 risks only in the field of food and cosmetics, of which 1210 were unqualified, and the unqualified rate was 4.6%, more than five times higher than the normal trade. At the same time, the sampling inspection of toys, diapers, clothes and kitchen supplies is even more amazing, with 415 out of 1,013 batches disqualified. The 3.15 party of 2017 directly put the product quality problem of cross-border online shopping in front of the whole nation. In addition to the low quality of the products caused by the raw materials and processing procedures involved in the production of the products, the quality of the other products is the authenticity of the products. Due to the particularity of cross-border online shopping, consumers often cannot distinguish the authenticity of the purchased goods, just relying on the cross-border e-commerce platform or the reputation of buying stores.

### 3.2.2 Unreasonable Transportation System

In a cross-border e-commerce transaction, the logistics of products serves as the link between the product leaving the factory and reaching the consumer's home. It contains multiple transportation relays, and each link is indispensable, affecting the final product reaching the consumer. quality. However, with the continuous development of cross-border e-commerce, the scale of cross-border import and export transactions has continued to expand, and orders have soared, but the hidden

dangers in transit have increased. It is reported that Guangdong's cross-border e-commerce imports were 44.19 billion yuan, which the year-on-year increase of 93.8% in 2017. otherwise, the return orders also increased in snowflakes due to barbaric shipments.

### **3.2.3 Imperfect Product Service System**

In the domestic e-commerce consumption, we can generally enjoy the services packaged with the products, including the basic services such as 7 days no reason to return, 24-hour delivery, freight insurance and other commitments. However, these services consumers usually enjoy on domestic e-commerce platforms are often difficult to achieve in cross-border e-commerce transactions. In the perspective of returning goods without reason for 7 days, some products are based on the mode of overseas direct mail, the platform does not fully support the service of returning and exchanging goods, for the merchants are far away from overseas.

## **4. Countermeasures**

Based on the deficiencies of guangdong enterprises' products in cross-border e-commerce transactions, this paper puts forward some countermeasures, which are mainly considered from three aspects: Guangdong government, enterprises and consumers.

### **4.1 Government Level**

#### **4.1.1 Improve the Supervision System of Cross-Border E-Commerce to Fill The Loopholes**

In the regulation of e-commerce development in China, only a small number of relevant regulations in the "Internet Information Services Management Measures", having no necessary and reasonable standard norms for the most fundamental transactions, taxation and consumer rights protection of cross-border e-commerce. Guangdong province should formulate a cross-border e-commerce market supervision system in light of the actual situation in Guangdong, strengthening the standardized construction of cross-border e-commerce, completing the policy gaps and loopholes involved in cross-border e-commerce transactions, and ensuring all policy measures are implemented. We will increase financial and financial support, giving policy support in taxation and credit, simplifying procedures and providing better services for cross-border e-commerce enterprises. We will gradually optimize the system of cross-border e-commerce to improve customs clearance efficiency, forming a regulatory system that matches the requirements of cross-border e-commerce, which crack down on counterfeiting, counterfeiting, infringement and other illegal activities to protect the rights and interests of consumers.

#### **4.1.2 Cultivate Superior Cross-Border E-Commerce Companies**

The government of guangdong should pay more attention to the cultivation and development of leading enterprises in cross-border e-commerce, and select the ones with a certain foundation to play the role of demonstration. In this way, it can build a benchmark enterprise, expecting to take the lead and attract more enterprises to carry out cross-border e-commerce. Guangdong should strengthen cooperation with well-known e-commerce platforms at home and abroad such as Tmall international, Dunhuang network, Alibaba, E-Bay and other cross-border e-commerce platforms, which can encourage enterprises to establish a cooperation with related platforms.

## 4.2 Enterprise Level

### 4.2.1 Strengthen Product Testing and Improve Quality

Product quality is the basis of commodity trading, which determines the quality of the transaction. High-quality products can also bring corresponding word-of-mouth effects while satisfying the needs of consumers, so as to attract more customers. Therefore, in response to the numerous return orders in Guangdong, enterprises urgently need to strengthen the inspection of target products. Enterprises can set up a set of regular product testing programs, controlling the quality of products, making certain quality restrictions on products before shipment.

### 4.2.2 Improve the Transportation Quality of The Logistics Industry

Logistics transportation is an important intermediate link connecting the delivery of products to the consumers. For cross-border e-commerce enterprises, it is more important to strengthen cooperation and connection with logistics companies and deepen cooperation with them in order to get better services. As far as logistics enterprises are concerned, they start from the needs of customers and finally satisfy customers, forming a system of continuous improvement and innovation. Therefore, logistics enterprises should use the resources they have to meet and exceed the expectations of customers in the most effective way. Not only should they grasp the quality training of employees to avoid rough shipment, but also improve the environment of logistics, such as packaging and transportation equipment of products.

### 4.2.3 Optimize the Product Service System

There are two main aspects to perfecting the product service. On the one hand, the company will improve its service commitment to cross-border e-commerce online products as much as possible without compromising the company's interests, and introduce third-party payment methods. On the other hand, it should pay more attention to the cultivation of internal talents, cultivating cross-border e-commerce talents and providing high-quality talent reserves for enterprises. In response to the lack of cross-border e-commerce talents in Guangdong province, enterprises must work hard to cultivate cross-border e-commerce talents. First, it is necessary to rely on the province's colleges and universities to strengthen the cultivation of e-commerce talents, which ensure the basic demands of cross-border e-commerce talents. Second, we should carry out training for on-the-job cross-border e-commerce talents and cultivate medium and high-end talents by relying on e-commerce enterprises. Third, it introduces cross-border e-commerce talents at home and abroad, and gives certain financial support and subsidies.

## 4.3 Consumer Level

The customer is the terminal of a transaction in a passive acceptance position, unable to control the quality of products. Along with the continuous deepening of cross-border e-commerce, the quality of products declines, and the problems of counterfeit and shoddy products become more serious. Therefore, consumers must be active to maintain relevant rights and interests and actively negotiate with sellers or require third-party intervention. In recent years, some organizations such as the cross-border e-commerce consumers association of Guangdong province have emerged one after another, and it is also a practice for consumers to protect their rights and interests. Some protective policies provide consumers with relatively fair after-sales solutions, it does not mean that customers can arbitrarily complain about sloppy demands.

## 5. Conclusions

In summary, although cross-border e-commerce in Guangdong is at the leading level in the country with a series of advantages such as developed e-commerce industry, better policy environment and superior geographical position, a series of problems exist such as imperfect regulatory systems, low logistics efficiency and lack of product service management. In view of this, it is recommended that Guangdong province should simultaneously exert its efforts from the three aspects of government, enterprises and consumers to integrate its effectiveness. In addition, we must give full play to the advantages of the free trade zone, and jointly promote the development of cross-border e-commerce.

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