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The Problem and Countermeasures of Cross-border E-commerce Logistics

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Abstract

With the development of free trade zone, strategy of One Belt and One Road and the policy of cross-border e-commerce, many domestic electric business platforms enter into industry of cross-border electricity. Cross-border e-commerce which is a new business model has advantages, such as, fewer links, short processing cycle and low cost. It can powerfully develop today. However, cross-border logistics which is short slab of cross-border e-commerce restricts the development of cross-border e-commerce. Cross-border e-commerce that has multi-function, multiple frequency operation and comprehensive characteristics require logistics service has the characteristics of agility, high efficiency, low cost and visualization.

The model of cross-border logistics in our country has many problems. For example, high cost, long time, incomplete logistics information system, lack of large-scale logistics service enterprises. This factors seriously restrict the development of cross-border e-commerce. In this paper, cross-border electricity development present in our country and its existing problems have been discussed, and we put forward relevant countermeasures. And the goal of the paper is to provide electric commercial enterprises some reference and experience.

Key Words: cross-border logistics; logistics problem; countermeasures

INTRODUCTION

In the past few years, Internet has brought great changes to people's life. Housebound online shopping gradually becomes a popular trend. This model is not only reflected in domestic trade, but also has been widely used in international trade. But it is different with domestic e-commerce trade, because of the differences among the parties in economic, political, cultural, and geographical. The international e-commerce trade faces many obstacles in the actual developing. The most prominent problem is cross-border e-commerce logistics. According to the characteristics of the cross-border e-commerce business logistics, scholars have put forward the "overseas warehouse"^[1] mode. Overseas warehouse model refers to the enterprises engaged in export of cross-border e-commerce self-built or rent warehouse abroad, so as to realize the form that sales and distributes goods in the local. Although "overseas warehouse" mode partly solve the problem puzzled people for logistics, this model does not apply to the small-scale e-commerce enterprise.

At present, the research of cross-border e-commerce business logistics is not much. And the research about problems and countermeasures of cross-border e-commerce business logistics is not deep. In this paper, it detailed explains the problems existing in the cross-border e-commerce and puts forward some measures, such as the construction of large logistics companies. But this article don't mention how to build large logistics enterprises and put forward concrete measures. Although it is feasible in theoretically, it will encounter many problems in practice.

THE PRESENT SITUATION OF CROSS-BOEDER E-COMMERCE LOGISTICS

With the continuous development of China's cross-border e-commerce and the implement of supportive policy from government, more and more enterprises join the force of cross-border e-commerce. The industry of cross-border e-commerce grows into an emerging and pillar one. And it provides cross-border e-commerce logistics opportunities. However, there are many barrier factors in the development of cross-border e-commerce logistics today.

The Insufficient National Policy Support

The Ministry of finance, General Administration of Customs, State Bureau of Taxation, on 24th March, 2016, jointly issued the Notice of Import Tax Policies on Cross-border E-commerce Retail, it clearly stipulates the tax policy of cross-border e-commerce retail import. And it provides some supportive policy for cross-border e-commerce development. For example, the single limit of trading volume from cross-border e-commerce retail is 2000 yuan, and the limit of annual individual trading is 20000 yuan. If the company and individual import goods below the limitation, the customs duty rate is 0%. Within introduced of these policy, the development of cross-border e-commerce will enter another spring.

However, because of the short development time of cross-border e-commerce, compared with developed countries, some corresponding supportive policies are inadequate. It is poor for the development of cross-border e-commerce logistics enterprises.

The Demand of Domestic Cross-Border Logistics Is Less Than The Supply[2]

In recent years, the development speed of China's cross-border e-commerce is striking. China's cross-border e-commerce trading size is 4.2 trillion yuan in 2014, and the growth rate was 35.48%. And the trading size was 5.4 trillion yuan in 2015, with year-on-year growth of 28.6%. The cross-border e-commerce export trade scale up to 4.49 trillion yuan, when cross-border e-commerce import trading sum up to 907.2 billion yuan. The trade total will increase to 6.5 trillion yuan in 2016. And trade

scale is expected to grow for 8 trillion yuan in 2017, and average annual growth rate close to 30%.

However, our cross-border e-commerce logistics mainly relies on the international logistics company to complete. Although there are some domestic enterprises seize the opportunity and join to the industry of cross-border e-commerce logistics. However, due to its smaller scale, lack of relevant experience and lower awareness, these enterprises is in a disadvantage condition, within compared international express company.

Laggard Logistics Infrastructure Construction In China

Compared with the developed countries, the appearance of logistics was late in our country. The logistics enterprises has developed in recent years. And there have many problems, such as less transport hub and backward construction of logistics. Cross-border logistics is a complicated problem, which includes storage, distribution, transportation, customs clearance and tax and a series of other problems. Nowadays, cross-border logistics has some problems, including expensive, long cycle, troublesome process, customs seized and so on. These problems have become important factors that hinder the development of the cross-border e-commerce.

The Number of Third Party Logistics Enterprises Is Less

The third-party logistics can help companies to save costs, and provide specialized services. And the third-party logistics usually cooperate with local logistics company, and the local logistics company knows a lot about local customs, culture and so on. So the third party logistics will help improve customer satisfaction.

In recent years, STO, SF express and other well-known domestic logistics enterprises have opened international lines. Because the development time cross-border e-commerce is short. These domestic logistics company, in terms of infrastructure and the speed of distribution and coverage, is lagged far behind the international third party logistics company.

THE MODE OF CROSS-BORDER E-COMMERCE LOGISTICS[3]

International Small Packet Mode

International small packet is sent to foreign through the airmail service from postal service. The weight is required LE 2000 g. The sum of outer packing's length, width and height is required LE 90cm. And the longest edge LE 60 cm. According to statistics, the 70% of China's cross-border e-commerce business is through the international small packet. Although the postal service around the world, the postal transportation time is longer and the loss rate of packet is higher.

The Internationalization of Domestic Express Service Mode

In recent years, more and more domestic express join the cross-border business logistics. For example, STO, SF and so on early take some measures in cross-border logistics. Because the industry just start in recent years, the accounts for the market is less, and covering overseas market is limited.

International Express Enterprise Mode

Compared with domestic express company, international express company, such as UPS, FedEx, DHL, TNT and so on, has long history. And the infrastructure is perfect. Due to its quick speed and good customer experience, it occupies a large part of market. Meanwhile, because its price is very expensive, this model is fit for product with high value.

Overseas Warehouse Model

Overseas warehouse means that an enterprise that is engaged in the export of cross-border e-commerce built or rent warehouse by itself and sell and delivery in foreign countries. Compared with the international small packet, international express enterprise mode, overseas warehouse model overcomes previous disadvantage, such as expensive, long logistics cycle long, customs confiscated and so on. This is a great innovation in cross-border logistics. The model is suitable for large cargo, heavy cargo and the product sell like hot cakes.

Cross-Border Railway Logistics Mode

Cross-border railway logistics means that commodities are sent to foreign countries by air bag, then send products to customer's hands through the local cooperation company. This way reduces cost mainly by economies. But the covering area is limited, the scale effect was weakened.

THE EXISTENCE QUESTION

The High Cost

The cost of cross-border e-commerce logistics includes the charge to build corresponding network, customs, duties and delivery cost. For example, if a company sent goods whose weight is 400g from china to America, it needs 240yuan by China postal service when it needs 270yuan by UPS(not including fuel surcharge). And after completion of cross-border transactions, due to the problems, such as changing or refunding, will lead to money cost and time cost increased.

Long Shipping Time^[4]

Cross-border logistics link is more complex than domestic logistics. The product from the seller to consumers, have to pass the domestic logistics, customs, international transportation, foreign logistics, foreign customs and many other links. Whether

anyone link has matter, the product cannot reach consumers' hands. For example, postal service needs 10-15 days to deliver goods of 400g to America when it needs about 45 days to places such as Russia, Brazil. Especially at Christmas and Spring Festival shopping season, with so many back order on hand, it need longer periods to sent products to customers.

Informatization Logistics Existence Question

On the one hand, today most cross-border logistics enterprises adopt the postal parcel and some international logistics companies. But these two kinds of model have a problem that cross-border e-commerce businesses cannot get information about the product. This opaque cross-border logistics is caused by asymmetric information of both parties. In this case, packet loss rate is high, and consumer satisfaction and loyalty of cross-border e-commerce is not high.

On the other hand, the body of the cross-border e-commerce come from two different countries. This is a difference between the two countries, such as Information development degree, custom, habits and consumer preferences. They difference is also reflected in the cross-border e-commerce business logistics. Due to different informationization development level, logistics have difficult in docking system. In this case, each link of the cross-border e-commerce cannot connect, so as to make cross-border business logistics waste time and money.

Lacking of Domestic Large Cross-Border Logistics Services Company

Nowadays, although the domestic well-known logistics companies, such as SF and STO, have opened the international business. Because of the limitation of its capital and technology, the expansion of overseas market is very slow. Compared with big international express delivery, domestic cross-border logistics don't take shape comprehensive service system to adapt the multi-level demand. In especial, some foreign comprehensive logistics enterprises have begun to make up for their own defects. And it provides omni-directional and multi-level services to the Chinese cross-border e-commerce. However, domestic cross-border e-commerce merely do well in providing some kind of services, some point and special line. while the logistics enterprises also have a certain market, it is limited for the long-term development.

THE CORRESPONDING COUNTERMEASURES

The Construction of Overseas Warehouse^[5-8]

Overseas warehouse is a great innovation to solve the disadvantages of traditional model of logistics, such as high cost, slow speed and so on. Overseas warehouse mode can be divided into proprietary overseas warehouse and third-party public service overseas warehouse according to different subject of operating.

The process of overseas warehouse

Step 1: The export of cross-border e-commerce through shipping, air and other ways to send their products to their overseas warehouse.

Step 2: Export enterprises monitor storage conditions of the goods by own or partner's information system.

Step 3: When export cross-border e-commerce business receives orders, the logistics company sort, package, and distribution goods according to the instruction from the export of cross-border e-commerce.

Step 4: when the shipment is completed, the company of logistics should be updated their system.

The advantages and disadvantages of overseas warehouse

For the large-scale export cross-border e-commerce, overseas warehouse advantage is very obvious. On the one hand, with distribution of products to overseas warehouse, the enterprise can save the cost. It makes the enterprises occupy in competition with foreign enterprises. On the other hand, because the goods have already been stored in the warehouse, it effectively shortens the response time. But the overseas warehouse also has limitations: a. The applicable scope is limited. It is difficult for small and medium-sized export company to build and rent a overseas ware house's. The risk is higher, if the enterprise cannot accurately forecast the sales volume in overseas, it easily lead to the backlog and shortages of goods.

The Reasonable Choice of Cross-Border Logistics Mode

In this paper, the second part has introduced five patterns of cross-border electronic business logistics. International small packet conduces a limit on the weight length, width and height of goods. And its transportation time is long. So, it is suitable for products that can storage long time; International express price more expensive than others mode, but the speed of this pattern is fast. And it has good customer experience. Therefore, it is suitable for goods with high additional value, such as jewelry, clothing, etc.; Overseas warehouse is suitable for large cargo, heavy cargo and goods sell like hot cakes. Each mode has its own advantages and disadvantages. When the enterprise chooses the appropriate mode that combined with its own characteristics of goods and their own business situation, it can reduce logistics cost.

To Strengthen The Construction of Logistics Information

Asymmetry logistics information becomes a big obstacle that baffles the development of cross-border e-commerce logistics in terms of the current development cross-border e-commerce. Thus, the build of cross-border e-commerce logistics information system become urgent issue that need to solve. And it needs government participation to complete the information system. Our

government can coordinate cross-border e-commerce enterprises, international logistics company and customs, etc. And it also jointly builds global cross-border logistics information system^[9]. The logistics will become opaque by these measures.

The Construction of Large Logistics Service Enterprises

Small and medium-sized enterprise can joint venture to set up large-scale logistics service enterprise which specialized in international logistics in the face of massive demand of cross-border e-commerce. Construction of large logistics companies can make full use of and develop a broader overseas markets. Of course, companies need to solve the problem of integrating resources and dividing the profit before build the large logistics service enterprise. Otherwise, the construction of large logistics service enterprise will be a challenge.

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