

The Current Situation and Countermeasures of Production - Oriented Foreign Trade Enterprises Developing Cross-border E-commerce

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Abstract

This paper analyzes the external and internal environment of production-oriented foreign trade enterprises, points out the problems they face in developing cross-border e-commerce, and proposes corresponding solutions, which provides a new path for enterprises to get out of the predicament.

Keywords

Production-oriented foreign trade enterprises; Cross-border e-commerce; Current situation; Countermeasures.

1. Introduction

In 2021, the import and export volume of China's cross-border e-commerce will reach 1.98 trillion yuan, an increase of 15%, and the cross-border e-commerce will increase nearly 10 times in five years. Driven by favorable policies and development environment, with stable overall export volume, cross-border e-commerce export is gradually replacing general trade with good growth. Production-oriented foreign trade enterprises need to seize the opportunity of the rapid development of cross-border e-commerce to achieve transformation and get out of the business dilemma.

2. External Environment Analysis

2.1. Government Support

In recent years, China has paid more and more attention to cross-border e-commerce, and the national policy support has continued to increase. A series of relevant policies have been introduced to solve problems such as cross-border logistics, cross-border payment, customs declaration and taxation, and brand patents. The government work report of the State Council respectively proposed to reform and improve support policies for cross-border e-commerce and other new forms of business, and accelerate their development. The government proposed that the first is to further expand the pilot layout, the second is to develop a new model of cross-border e-commerce, and the third is to vigorously promote trade facilitation. As of September 2021, the number of cities in the cross-border e-commerce comprehensive pilot zone has reached 105.

2.2. Impact of the Epidemic

Data from the Ministry of Commerce shows that due to the impact of the epidemic control policy, the export trade volume is declining, and the production-oriented foreign trade enterprises are under great pressure. The "Questionnaire on the Impact of the New Crown Epidemic on Foreign Trade Enterprises" shows that the main difficulties faced by enterprises are traffic and logistics blockage, order reduction in customer loss, high operating cost pressure, difficulty in

returning employees to work, difficulty in fulfilling contracts on time, raw materials and upstream supply chains are affected. It can be seen that the epidemic has had a greater impact on all aspects of the enterprise.

2.3. Sino-US Trade Friction

In the export trade, orders from the United States still account for a large proportion. After the United States raises tariffs, the prices of products from China will rise, and corresponding orders from American customers to China will decrease, and they will turn to other regions to find alternatives production enterprises. When Chinese companies do not have orders, factories will close down, workers will lose their jobs, and social instability will occur. Moreover, the core technologies of some Chinese industries are strongly dependent on the United States, which may affect the development of the entire industry.

3. Internal Environment Analysis

3.1. Increase in Operating Costs

After 2019, the government introduced the policy of transferring social security to tax, which greatly increased the labor cost of enterprises. For production-oriented foreign trade enterprises, the number of workers is large, which is greatly affected by the policy of transferring social security to tax. After the epidemic, the cost of the entire raw material has continued to rise, resulting in higher product costs for enterprises. The epidemic has affected all supply chain links such as raw material supply, processing, and logistics distribution. Workers are unable to return to work on time, companies are delayed in resumption of work, and delivery times are delayed, all of which have increased operating costs and made it difficult for companies to survive.

3.2. Products with Low Technological Content

China's production-oriented foreign trade enterprises are still in a lower position in the global value chain. In foreign trade, enterprises are more engaged in the production of labor-intensive products, and the products lack technicality, and the transformation from "Made in China" to "Intelligent Manufacturing in China" has not yet been realized. Only by improving the technological content of the product can we be in the core position in the competition and be irreplaceable, otherwise it will be strangled by the throat.

3.3. The Production Line Is More Flexible

Due to the direct contact with overseas merchants, product-oriented foreign trade enterprises can timely grasp the market changes, and at the same time, it has a complete product line and strong independent research and development capabilities, so it can make timely adjustments according to market changes and improve product design and quality, put into mass production, high production efficiency.

4. Problems

4.1. Order Fragmentation

Production-oriented foreign trade enterprises will face the problem of fragmented and small orders when developing cross-border e-commerce. The customer base of cross-border e-commerce are individual consumers and small wholesalers. Affected by the global economy, small wholesalers tend to place smaller and shorter orders from a financial perspective in order to save inventory costs. However, the needs of individual consumers are personalized and

changeable. Their shopping is characterized by small amount and high frequency. Therefore, production-oriented foreign trade enterprises should take measures to deal with the characteristics of fragmentation and small amount of orders. Survive by adapting to change.

4.2. Poor Operational Capability

Due to the lack of professional guidance of cross-border e-commerce professionals, unfamiliar with the operation of cross-border e-commerce platforms, and lack of understanding of social media marketing operations, enterprises blindly invest in cross-border e-commerce platforms, resulting in poor sales revenue. There are many platforms for cross-border e-commerce, such as AliExpress, Amazon, Ebay, WISH, etc. currently the mainstream platforms. Each platform has different characteristics and target customer groups, and the operation methods and processes of each platform are also different. Social media marketing is an important means of cross-border e-commerce promotion, but the applications of most enterprises are still in the information dissemination stage, only using social media to publish product information and contact information without in-depth operations, such as product sharing and promotion, customer relationship maintenance, etc.

4.3. Weak Brand Awareness

Enterprise brand awareness is weak, it focuses on product production, has not established its own brand, and has low product added value. At the same time, enterprises still have the problem of infringing on the brand and ignoring intellectual property rights. When a certain product of a well-known brand is popular in the market, other enterprises imitate the production, ignoring the infringement of appearance patents and brand trademarks. In cross-border e-commerce, various platforms place great emphasis on brand awareness. If such infringement is found, the product will be dropped and the store will be punished. Production-oriented foreign trade enterprises still need to further improve their brand awareness, patent application, and product innovation.

4.4. Obvious Cultural Differences

Cross-border e-commerce is facing the global market, and cultural differences are particularly problematic for product sales. The first is the language problem. Most of the platforms currently use English, but when customers consult, there will be languages of various countries, and the customers in some countries themselves do not have a high level of English, which increases the difficulty of customer service work. The second is the aesthetic issue. We have aesthetic differences with foreign customers in product design, model selection, visual marketing, etc. For example, in the clothing industry, European and American customers like casual designs, sexy models, and simple pictures. In addition, there are festival promotions. The religious beliefs, traditional festivals, and customs of each country are different. It is necessary to know which countries the customer base comes from and the local traditional culture.

5. Solutions

5.1. Flexible Production

Faced with the characteristics of fragmented and small orders, production-oriented foreign trade enterprises need to adjust traditional production lines, convert large-scale production into flexible production, and customize products according to customer needs. Production-oriented foreign trade enterprises have the advantage of product supply chain, so compared with circulation-oriented foreign trade enterprises, they have more flexibility in product production, and can achieve flexible production from raw material supply to product sales.

5.2. Accelerate the Training of Professional Talents

The cultivation of cross-border e-commerce professionals requires the division of labor between the government, universities, and enterprises to achieve a win-win situation. The government should introduce corresponding preferential policies on the introduction of cross-border e-commerce talents to attract talents, retain talents, and solve the problem of lack of professional talents. Schools should adhere to the talent training method of combining production, education and research, and open up the channel between enterprises and schools, so that students can go to enterprises to accumulate practical experience, and corporate mentors can enter the school to teach professional knowledge. Welfare treatment is an important guarantee for enterprises to attract and retain talents, and a reasonable salary system can be used to mobilize the enthusiasm of employees.

5.3. Strengthen Brand Awareness

Production-oriented foreign trade enterprises used to be mostly OEM, and did not have their own brands. However, through cross-border e-commerce platforms, they can not only sell products, but also build their own brands, enhance corporate reputation, and promote products to the world. Product quality is the key in the branding process, and companies should work closely with various partners in the supply chain to produce high-quality products that are recognized by consumers. It is necessary to build a brand, establish a brand, and spread the brand by doing a good job of the basic skills of the product.

5.4. Take Multiple Measures to Overcome Differences

Cultural differences can be solved in a targeted manner, such as language problems, Cross-border customer service staff must master at least one foreign language, be familiar with translation software, master customer service terminology, and handle various inquiries promptly and quickly. Secondly, there is the aesthetic issue. Most European and American customers like the introduction of relatively simple product detail pages, focusing on product quality and brand. Therefore, when making product detail pages and main pictures, adjustments should be made according to the aesthetic preferences of foreign customers, rather than copying domestic templates. In addition, when doing promotional activities for some countries, we should understand the customs and traditional festivals of this country, select targeted products to carry out festival promotions.

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