Development Problems and Solutions of Emerging Cross-border Import E-commerce Platforms

—Based on the new connotation of Four C’s marketing theory

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Abstract: At present, China’s cross-border import e-commerce platforms present a market structure of “hierarchical monopolistic competition”. It is increasingly difficult for emerging platforms to survive and develop in the new market environment. Most of the existing researches on cross-border e-commerce focus on logistics, payment, customs clearance and other surface development dilemma, and less on marketing. This paper studies the development problems faced by emerging cross-border import e-commerce platforms from the perspective of four C’s marketing theory. In view of the problems of neglect of core consumer demand, unbalanced income and expenditure, restrictions on two-line channels, and lack of effective communication, this paper proposes that authentic guaranteed and differentiated development, rationalization of cost control, two-line channels joint development and effective communication throughout the process. It is expected to guide the emerging cross-border import e-commerce platform to develop better in the fierce competition.

1. Introduction

The current cross-border import e-commerce platform presents a market structure of “stratified monopolistic competition” (Zhi Su, 2018). As shown in Figure 1, large-scale integrated platforms monopolize the main business areas in a long-term and stable manner. Small and medium-sized emerging platforms compete highly in liquidity in the derivative business. China's cross-border import of e-commerce is mainly based on the B2C platform. Netease Koala, Tmall Global, Taobao Global, Amazon International Shopping, JD Worldwide and other integrated e-commerce platforms occupy the majority of the market share. These large-scale integrated platforms supported by Internet giants have become monopolists in the cross-border import e-commerce market. Emerging platforms do not have advantages in terms of capital, customers, channels, etc. It is very difficult for them to survive in the market. For example, Meitu's “Meipu” has transformed into “MeituBeauty” under the pressure of the market, and vertically manages skin care products and makeup. The oligarchy trend of the e-commerce platform is increasingly obvious, and this situation will continue
for a long time. For emerging platforms, survival and development are getting harder. The market structure of oligopoly is becoming more stable, and it is unfavorable for cross-border import of e-commerce industry and consumers in the long run (Yong He, 2016). The "Electronic Commerce Law" promulgated on August 31, 2018 explicitly proposed to support small and micro enterprises to engage in cross-border e-commerce. Therefore, the development of emerging cross-border import e-commerce platforms should be encouraged and supported. Cross-border import e-commerce is mainly based on B2C platform sales, directly connecting consumers, and cross-border consumption tends to be normalized, quality and socialized, so the importance of marketing is increasingly prominent. For emerging platforms, marketing is the key to their survival and development in a fiercely competitive market. It is imperative to seek marketing strategies that are consistent with their own development.

Figure 1. Stratified monopolistic competition market structure of cross-border import e-commerce platforms

Cross-border e-commerce is in a period of rapid growth. There are many problems during the development, the market positioning is ambiguous, and the comprehensive service capability is weak (Xueqing Lv, 2016). There are obstacles in customs clearance, foreign exchange settlement, market supervision and logistics (Youwei Lai, 2014). The existing research on cross-border e-commerce focuses on the surface layer of its development, and it is more urgent to seek development paths from the perspective of marketing. The four C’s marketing model based on the consumer perspective is more suitable for cross-border e-commerce (Robert F. Lauterborn, 1990). The market environment has undergone tremendous changes, the four C’s marketing theory that guides the development of cross-border e-commerce should also keep pace with the times.

On the basis of summarizing the previous studies, this paper analyzes the development problems faced by the emerging cross-border import e-commerce platform from the perspective of four C’s marketing theory, and proposes the corresponding development paths. This paper hopes to supplement the research of cross-border e-commerce and give new meaning to traditional marketing theory. At the same time, it can guide the practice development of emerging cross-border import e-commerce platforms, regulate the hierarchical monopolistic competition market structure, therefore the market can provide consumers with broader consumption choices and better quality consumer services.

2. Literature Review

At present, cross-border e-commerce has a variety of definitions in the academic world. The most recognized definition is “an international business activity, which belongs to different transaction entities of different customs, through the e-commerce platform to conclude transactions, payment settlement, and cross- Logistics delivers goods and completes transactions” (Jiang He, 2017). Cross-border e-commerce can be divided into B2B, B2C, and C2C according to the attributes of the transaction subject; it can be divided into cross-border import and cross-border export e-commerce according to the direction of commodity flow (Xiaheng Zhang, 2017). Cross-
border imports will become an important growth pole for China's cross-border e-commerce industry, especially the B2C model will develop rapidly (Lei Zou, 2015). The research object of this paper is the emerging cross-border import B2C e-commerce platform.

Research on the market structure of various segments of the Internet shows that Internet platform enterprises have a long-term equilibrium market structure of “stratified monopolistic competition” (Zhi Su, 2018), the same is true for cross-border import e-commerce platform industry, and the trend of oligopoly is increasingly obvious, and this situation will continue for a long time. For emerging platforms, survival and development are getting harder. The oligopolistic market structure is becoming more stable. In the long run, it is unfavorable for cross-border import of e-commerce industry and consumers (Yong He, 2016). To solve this situation, more emerging platforms need to be encouraged to enter the market. Cross-border e-commerce has obstacles in customs clearance, foreign exchange settlement, market supervision, etc. It is necessary to optimize the service support system, improve supervision and strengthen international cooperation (Youwei Lai, 2014). In the development of cross-border e-commerce platform, there are problems such as lack of industry norms, ambiguous market positioning, weak comprehensive service capabilities, and lack of planning and construction of the platform. Brand development, supply chain management and deepening development should be carried out (Xueqing Lv, 2016). Most of the existing researches focus on the surface dilemma faced by cross-border e-commerce development, but for emerging cross-border e-commerce platforms, marketing issues should be more valued.

Four P’s marketing strategy is one of the most classic theories in Philip Kotler's “Marketing Management” (Philip Kotler, 2009). The biggest advantage is its strong operability, so that marketers know what to do (Yuanbin Xiong, 2005). Some scholars put forward the new connotation of four P’s marketing combination strategy based on the background of big data (Qihe Wang, 2014), some scholars have studied the applicability of 3P, 4C and 4S marketing combination strategies to digital products (Yuan Wang, 2007), but four P’s marketing strategy originated in the industrialized era, many scholars have questioned the applicability of the present (Mahajan, 2000). The perspectives of four P’s and four C’s marketing theory are significantly different. four P’s is a typical corporate perspective. Four C’s is a consumer perspective (Constantinides, E., 2002). Consumers are vital to the emerging cross-border import e-commerce platform. Therefore, the consumer-centric four C’s marketing theory is obviously more applicable. With the transformation of the cross-border import e-commerce market structure, import consumption tends to be normalized, quality, and socialized, and the marketing theory guiding its development should also advance with the times and be given new connotations. However, there is no marketing strategy based on the new connotation of four C’s marketing theory, which is completely suitable for the emerging cross-border import e-commerce platform.

3. Marketing Problems

Four C’s marketing theory was proposed by the American marketing expert Professor Robert F. Lauterborn in the 1990s. It mainly includes four aspects: customer, cost, convenience and communication. Specifically, the basic principle of four C’s marketing theory is customer-centered, advocating that customers are more important than products; based on the price that consumers can accept, reducing costs, promoting production technology innovation and marketing innovation; the Convenience principle needs to be consistent throughout the purchase channel, providing customers with a full range of services before, during and after the sale; paying attention to interaction with customers and fostering customer loyalty (Qiumei Chen, 2003). From the perspective of four C’s marketing theory, there are many problems in the development of emerging cross-border import e-commerce platforms.
3.1 Neglect of Core Consumer Demand

In the early stage of development, many emerging cross-border import e-commerce platforms tend to ignore the real demands of consumers, follow the market and blindly compete. This is mainly affected by two aspects. One is that there are many competitors, the competition is fierce, and the other is affected by the capital market. The integrated cross-border import e-commerce platform occupies a dominant position in the market. The vertical cross-border import e-commerce platform is intensively cultivated in a certain market segment. Socialized new media based on WeChat and Weibo also began to engage in cross-border import e-commerce. Many types of competitors have seized the market with their own unique advantages, and the competition is fierce. On the other hand, cross-border e-commerce is more susceptible to policy and has greater uncertainty, so the capital market is increasingly cautious about cross-border e-commerce. In order to win investment and seize market share, emerging cross-border import e-commerce platforms tend to be short-sighted and ignore genuine control. According to the 2017 “Double 11” online shopping survey released by the China Consumers Association, the situation of counterfeit goods in cross-border import goods is extremely serious. 16 of the 53 samples sampled are suspected of counterfeiting, with a proportion of 30%. The cross-border import of e-commerce industry's main categories are maternal and child, beauty makeup, health care products, etc. Genuine protection which involving consumers' personal safety, is the most concerned content for consumers. In the early stage of development, the emerging cross-border import e-commerce platform is most likely to ignore the core demands of consumers, and the tendency to blind competition will only be submerged in the flood of competition. In the early stage of development, emerging cross-border import e-commerce platforms are easy to ignore consumers' core demands and lose competition. The cross-border import of e-commerce industry's main categories are maternal and child, beauty makeup, health care products, etc. Genuine protection which involving consumers' personal safety, is the most concerned content for consumers. In the early stage of development, the emerging cross-border import e-commerce platform is most likely to ignore the core demands of consumers, and the tendency to blind competition will only be submerged in the flood of competition. In the early stage of development, emerging cross-border import e-commerce platforms are easy to ignore consumers' core demands and lose competition.

3.2 Unbalanced Income and Expenditure

As we know, the selling price of cross-border import goods usually consists of three parts: the price of the goods themselves, the freight and the customs. But in the actual operation process, the emerging cross-border import e-commerce platform is affected by factors such as suppliers, logistics, customs clearance and other factors. The cost of each link in the supply chain is relatively high, and it is difficult to achieve cost control. In addition, various marketing activities such as brand promotion in the early stage of the market require capital investment. The customer base and transaction scale of the emerging platform are relatively small at the initial stage, and it is impossible to achieve scale profitability, which leads to the passive pricing strategy of the emerging platform. In addition, frequent price wars have reduced normal commodity profits, and the platform may reduce the cost of circulation and labor services in response to price wars. Consumers may not get the value of goods they expect. What's more, consumers may feel "price fraud." Unable to make ends meet, imbalances in revenues and expenditures have made it difficult to achieve cost control for emerging cross-border import e-commerce platforms.
3.3 Two-Line Channel Restrictions

The Internet demographic era has gradually disappeared, and the overall cost of acquiring customers is increasing. It is more difficult for emerging cross-border import e-commerce platforms to acquire customers. The biggest problem in the initial stage of the emerging platform is that the scale of customers is relatively small and brand promotion is difficult. It is difficult to promote online channels, and offline channels are also facing difficulties. Due to the particularity of cross-border consumption, the purchase of cross-border goods requires tax payment. Individuals need to fill in personally identifiable information when purchasing goods through cross-border e-commerce platform. Individual orders, payment orders and logistics orders need to be compared. Only when the three orders are consistent, the goods can be cleared. There is a certain restriction on the location of the offline experience store. If the offline experience store is outside the bonded zone, the goods cannot go through the cross-border B2C trade mode, but adopt the general trade mode. In this case, the goods need to pay the full tax, tariff, consumption tax and value-added tax. The increase in tax costs has undoubtedly increased the financial burden of the emerging cross-border import e-commerce platform. The big platforms have strong financial support, whether online or offline. For emerging platforms, due to various constraints such as funds and customers, it is difficult to promote both online and offline channels.

3.4 Lack of Effective Communication

The first is the lack of effective communication before the sale, mainly in the homogenization of promotions, concentrated, large-scale holiday promotions. In addition to traditional festivals such as National Day and Mid-Autumn Festival, as well as the double 11, 6.18 that has been widely accepted by the public, more and more e-commerce shopping festivals such as 8.18 and 9.9 have emerged. The proliferation of e-commerce shopping festivals will lead consumers to dislike holiday promotions. At the same time, multiple platforms compete for customers, and customer scale will be dispersed. Moreover, the incentives for emerging platforms are certainly not as good as the big platforms, so they are even less able to attract customers. The comprehensive giant platform and big brand merchants are the biggest beneficiaries of the e-commerce shopping festival, emerging platforms and small-brand merchants will become victims. There is no effective communication with the target consumers before the sale. As the stimulation of the holiday promotion is gradually weakened, the homogenization promotion will only make the emerging cross-border import e-commerce platform a victim of competition.

The second is that the after-sales communication is not smooth, which is reflected in the inferior after-sales service problems such as poor customer experience and increasing consumer complaints. According to data from the E-Commerce Research Center, in 2017, domestic cross-border import e-commerce consumer complaints accounted for 12.98% of the total number of complaints, an increase of 1.37% year-on-year. The concentration of consumer complaints was a problem of counterfeit goods, difficulty in returning goods and logistics problems. The E-Commerce Research Center analyzes the big data of real user complaint cases in dozens of cross-border e-commerce in China in the first half of the year. According to the model evaluation of feedback indicators, feedback aging, satisfaction and other indicators, the “2018 China import cross-border e-commerce consumer purchase rating list” was announced, and many well-known enterprises were on the list. Xiaohongshu received a purchase rating of “Careful Order” and Tmall Global received a purchase rating of “Not Recommended Order”. The consumer experience of well-known e-commerce platforms is so poor, and the customer experience of emerging platforms will not be better.
4. Solutions

The market structure of cross-border import e-commerce has undergone tremendous changes, the demographic structure and consumption preferences of cross-border consumption have also changed. According to the latest survey data of iResearch, most of the cross-border online shopping users in China are 80’s generation and 90’s generation. Among them, 80’s generation accounted for the most, with a ratio of 56.3%; the proportion of 90’s generation was 21.7%. Millennials have also joined the ranks of cross-border import consumption, and consumer groups are getting younger and younger. At the same time, consumers are becoming more and more rational. In the study of consumers' preference for different marketing models, time-limited discounts are the most attractive way for consumers. Content marketing also has a strong stimulating effect on consumers. The simultaneous development of price and content will promote the development of cross-border e-commerce platforms. Under the new market environment, the Four C’s marketing theory guiding the development of emerging cross-border import e-commerce platforms should also keep pace with the times.

4.1 Authentic Guaranteed and Differentiated Development

In the Four C’s marketing mix, the customer strategy emphasizes the customer's needs and interests, and the products produced by the company should meet the needs of consumers. The most effective way for retail companies to develop marketing strategies is to improve customer service, improve the shopping environment and improve product quality (Yong Wang, 2012). For emerging cross-border e-commerce platforms, it is necessary to meet the most pressing needs of consumers in the cross-border consumption process.

4.1.1 Blockchain Tracking Information

The most basic and urgent need for consumers in cross-border import consumption is genuine protection. Information tracking and anti-counterfeiting should go through the whole process of commodity trading activities. Product information traceability is widely used in the food industry, fashion products, information dissemination and manufacturing industries. Cross-border import e-commerce industry in particular requires information tracking and anti-counterfeiting. The blockchain records all transaction information that has already occurred. The process is efficient and transparent, and the data security is high (Qingyang Ding, 2017). Its technological advancement provides a stronger security guarantee for the development of cross-border import e-commerce. If the emerging cross-border import e-commerce platform applies blockchain technology to supply chain management, it can track information on the products operated by the platform, and control the quality of the whole process. It can not only satisfy the genuine protection that consumers are most concerned about, but also protect themselves in the fierce market competition.

4.1.2 Brand Image Differentiation

Shaping a differentiated brand image can help consumers form certain consumer preferences and increase loyalty to the platform. The emerging cross-border import e-commerce platform does not have competitive advantages in terms of capital, channels and logistics. The initial stage is suitable for entering the market from a certain market segment, using limited resources to operate in a vertical field, avoiding the positive competition with the comprehensive e-commerce platform. In terms of brand image creation, the emerging cross-border import e-commerce platforms must do the following two things: First, the emerging platforms should implement the differentiation into the products and services they provide, so that consumers can feel and agree with such differentiation.
Second, increase the intensity of publicity. Strengthen consumer awareness of the differentiated image characteristics of emerging cross-border import e-commerce platforms. Meet consumers' pursuit of personalized consumer demand while enhancing customer loyalty.

4.2 Rationalization of Cost Control

In the Four C’s marketing mix, the cost strategy is the cost that the enterprise needs to bear when it meets the customer's needs, rather than considering the profit target to be achieved from the perspective of the enterprise. Emerging cross-border import e-commerce platforms should develop a sustainable and healthy development path. They cannot reduce costs at the expense of quality of goods, nor can they blindly compete in price wars. Specifically, reasonable cost control can be achieved by integrating the supply chain and expanding value-added services.

4.2.1 Integrated Supply Chain

Emerging platforms can achieve cost control through supply chain integration. Cross-border import and retail e-commerce involves multiple links. The complete supply chain includes suppliers, international logistics, customs clearance, warehousing, and distribution. Integrating the supply chain can not only improve the efficiency of the platform operation, but also reduce the cost of the circulation link and enhance the core competitiveness of the platform.

4.2.2 Expand Value-Added Services

Increase profitability channels by expanding value-added services and reject price wars. The price war will harm the production and operation of the manufacturers and distributors in the supply chain, and will also threaten the long-term interests of consumers. It is more difficult for emerging platforms to rely solely on commodity profits to achieve scale profitability. It can increase profitability channels by expanding value-added services such as content payment and service payment. In the macro environment of consumption upgrades, consumers are more willing to pay for the stories behind the content and goods. Emerging platforms should effectively improve the consumer experience of consumers, enhance consumer loyalty by creating customer value, thereby gaining comparative advantage and mastering pricing initiative.

4.3 Two-Line Channels Joint Development

In the Four C’s marketing mix, the convenient strategy is that the company pays attention to the convenience of the customer to purchase the goods, and builds distribution channels according to the interests and needs of the customers to reduce the circulation. The consumption channels of the emerging cross-border import e-commerce platform must be convenient for consumers to purchase. Specifically, social media can be used online, and experience stores can be used offline.

4.3.1 Online Mobile Socialization

The e-commerce mobile socialization brings together three business models of mobile internet, e-commerce and social, which is very promising. The social media users are very large and interactive. Relying on social media to spread information in interpersonal relationships can achieve viral marketing effects (Zhizhong Chen, 2016). Emerging cross-border import e-commerce platforms can leverage the sharing of social media to expand the customer base, transform the unilateral model into a two-way interactive model, and enhance customer loyalty through social stickiness. Mobile socialization can use the mobile Internet to expand consumer scenarios. The
emerging cross-border import e-commerce platform to develop online mobile social channels not only makes consumers more convenient, but also helps to increase consumer loyalty.

4.3.2 Offline Brand Experience

Offline channels are an essential complement to online channels. JD, Tmall and other mainstream cross-border import e-commerce platforms have laid out offline experience stores, and the huge positive effects of Apple and Xiaomi's offline experience stores have been verified. The complete business ecosystem of the emerging cross-border import B2C e-commerce platform requires online mobile socialization and offline brand experience stores. Due to restrictions on customs clearance, the convenience of cross-border import of B2C e-commerce stores is not as good as that of traditional domestic e-commerce, and offline stores only stay at the experience level. Consumers have a lot of safety considerations when purchasing import goods, because most of the cross-border import goods are personal care and make-up products, maternal and child products, etc. In order to enhance the consumer experience, offline experience stores are essential. The emerging cross-border import e-commerce platform can adopt offline experience and online ordering methods to optimize the consumer experience, making consumers more convenient and more secure when purchasing import goods.

4.4 Effective Communication throughout the Process

In the Four C’s marketing mix theory, the communication strategy refers to the need for two-way information communication between the enterprise and the customer, and the customer needs to participate in the product development and production of the enterprise. For the emerging cross-border import e-commerce platform, it is necessary to achieve effective communication with consumers throughout the entire process, including pre-sales and after-sales.

4.4.1 Precision Marketing before Sales

Optimize the platform's supply chain and use artificial intelligence technology to optimize user experience and increase user loyalty. Big data for cross-border consumption can digitize consumers’ consumer behavior and create user portraits for each consumer. The personal consumption data in the user's portrait can infer the consumer's consumption preferences and their sensitivity to price. In the early stage of the emerging platform, the customer size is small and the promotion funds are scarce. The development target customers can choose the user portrait because it can infer the consumer demand and consumption preferences of the consumer. Delivering content to potential target customers and achieving personalized, precise marketing can effectively increase consumption and increase consumer satisfaction and loyalty.

4.4.2 Dispute Resolution after Sales

Consumers' online disputes and complaints due to logistics aging, product quality, return and after-sales service and other issues cannot be resolved. However, until now, no cross-border import e-commerce platform has a complete online dispute resolution mechanism. The latest "E-commerce Law" in 2018 clearly expressed encouragement to e-commerce platform operators to establish an online dispute resolution mechanism, and to resolve disputes of the parties fairly according to the principle of voluntariness. The emerging cross-border import B2C e-commerce platform can start from solving the most urgent needs of consumers, establish an online dispute resolution mechanism based on the platform itself, reduce the cost of dispute processing, improve the efficiency of solving, and effectively improve the consumer experience.
5. Conclusions

The cross-border import e-commerce industry is developing rapidly in China. The main force in the future is the B2C e-commerce platform, but the related research in the academic world is relatively lagging behind. At present, cross-border e-commerce related research mainly focus on the difficulties of logistics, payment, and mitigation, and less research on platform marketing. At present, China's cross-border import e-commerce platform is gradually showing a situation of stratified monopoly competition, the market structure is basically stable, and the survival and development of emerging platforms become more and more difficult. Cross-border import consumption tends to be normalized, quality, and socialized. The importance of platform marketing has become increasingly prominent. How to solve current development problems from a marketing perspective is becoming more and more important.

Based on the four C’s marketing theory that is more suitable for cross-border e-commerce, this paper studies the development problems faced by the emerging cross-border import e-commerce platform, and combines the new era background and market environment to give new meaning to the four C’s marketing theory. The specific views are shown in Table 1.

Table 1. Marketing problems and solutions for emerging cross-border import e-commerce platforms.

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In order to guide the emerging cross-border import e-commerce platform to develop better in the fierce competition, this paper proposes development paths such as authentic guaranteed and differentiated development, rationalization of cost control, two-line channels joint development and effective communication throughout the process, so as to solve various existing problems of emerging cross-border import e-commerce platforms, including neglect of core consumer demand, unbalanced income and expenditure, restrictions on two-line channels, and lack of effective communication.

References