



# Research on the Development Strategies of Chinese Cross-border E-commerce Enterprises under the Background of Economic Dual Circulation

Yujia Zhai<sup>1,\*</sup>

<sup>1</sup>School of International Trade and Economics, Shandong University of Finance and Economics, JiNan, 250200, China

\*Corresponding author. Email: 1326053997@qq.com

**Abstract.** With the rapid development of the global economy and the rapid progress of information technology, as an emerging business model, cross-border e-commerce is rapidly emerging and changing the traditional international trade pattern. In the dual circulation pattern, cross-border e-commerce faces enormous opportunities and challenges. In order to establish a foothold and achieve long-term development in the fiercely competitive market, cross-border e-commerce enterprises need to formulate scientific and effective development strategies. Through these strategies, cross-border e-commerce is expected to face more prosperous development in the dual circulation pattern. This article introduces the dual circulation pattern, summarizes the current development status of cross-border e-commerce in China, and explores the optimization strategies for cross-border e-commerce development to create a good environment for enterprise development under the dual circulation pattern.

**Keywords:** Cross-border e-commerce, economic dual circulation, new development pattern

## 1 Introduction

China proposed to build a new development pattern of mutual promotion between domestic and international dual circulation in 2020 [1]. The dual circulation pattern is proposed based on China's current development environment and is also a strategic choice that aligns with China's new development stage. Building a dual cycle new development pattern is a major strategic decision and deployment made to adapt to the new development stage. After the proposal of the new development pattern of dual circulation, it has received widespread attention from the academic community. The academic community generally agrees that dual circulation is a strategic choice for China to respond to the new development trend at home and abroad, which has very important practical significance; The key to the new development pattern of dual circulation lies in building the endogenous driving force of dual circulation and cultivating new advantages in international cooperation and competition. To promote

© The Author(s) 2024

P. Dou and K. Zhang (eds.), *Proceedings of the 2023 International Conference on Economic Management, Financial Innovation and Public Service (EMFIPS 2023)*, Advances in Economics, Business and Management Research 287,

[https://doi.org/10.2991/978-94-6463-441-9\\_63](https://doi.org/10.2991/978-94-6463-441-9_63)

the new development pattern of dual circulation, it is necessary to start from the demand side reform, attach importance to the pulling force of consumption, the support of industry, and the construction of modern circulation system. Cross border e-commerce, as a new business form and model, belongs to the category of digital economy. With the rapid development of information technology, internet technology, and digital technology, and deep integration with social and economic activities, traditional industries, and foreign trade, it has become an important driving force for promoting a new development pattern of dual circulation [2]. Following the trend of cross-border e-commerce development and seizing the opportunities of cross-border e-commerce development can not only promote China to achieve catch-up, break through low-end lock-in, and bridge the digital divide in the dominant state of the digital economy era, but also facilitate China to take the development of cross-border e-commerce as a starting point, build a domestic demand system, dredge domestic and international integration channels, and achieve a new development pattern of dual circulation. Currently, the dual circulation pattern has put forward new requirements for cross-border e-commerce. We must have a clear understanding of the current development status of cross-border e-commerce, as well as the new opportunities and challenges it faces, in order to provide strategic suggestions to fully leverage the positive role of cross-border e-commerce and make it a new highlight of China's future economic development.

## **2 Current Situation of Cross-Border E-Commerce of China**

This article will elaborate on the current development status of cross-border e-commerce in China from three perspectives: trading volume, penetration rate, and proportion of imports and exports.

### **2.1 Trading Volume**

Cross border e-commerce is a rapidly developing business model in recent years, which breaks geographical restrictions and pushes goods and services to the global market through the convenience of the Internet and the efficiency of global logistics. More and more consumers are enjoying more choices and convenience brought by cross-border e-commerce on a global scale. As of the end of 2022, China has established 165 comprehensive e-commerce pilot zones, basically forming a development pattern of land, sea, and domestic linkage, and mutual assistance between east and west. Benefiting from the strong promotion of multiple national policies, the increase in internet penetration rate, the maturity of third-party payment tools, and the continuous improvement of e-commerce infrastructure, the scale of cross-border e-commerce transactions in China has continued to increase rapidly in recent years, from 8.1 trillion yuan in 2017 to 15.7 trillion yuan in 2022. In recent years, the volumes and growth rates of cross-border e-commerce transactions in China are shown in Figure 1.



Fig. 1. Trading volume and growth rate of cross-border e-commerce of China (figure credit: original)

### 2.2 Penetration

With the expansion of the cross-border e-commerce industry, the industry penetration rate continues to rise, especially during the epidemic period, the contactless nature of the industry has driven the growth of e-commerce penetration rate. The rapidly developing cross-border e-commerce has become a new driving force for China's foreign trade growth. In 2022, China's cross-border e-commerce penetration rate (the proportion of cross-border e-commerce transaction volume to China's total import and export of goods) reached 37.3%, an increase of 8.3 percentage points compared to 2017. In the future, as the industry scale continues to grow, the penetration rate will also continue to increase. In recent years, the penetration rates of China's cross-border e-commerce industry are shown in Figure 2.

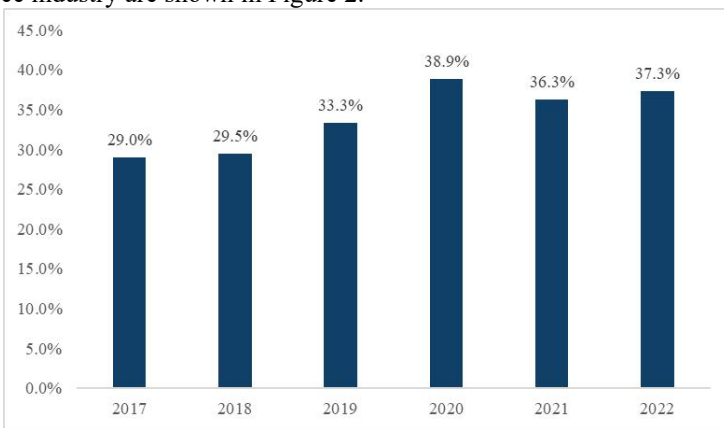
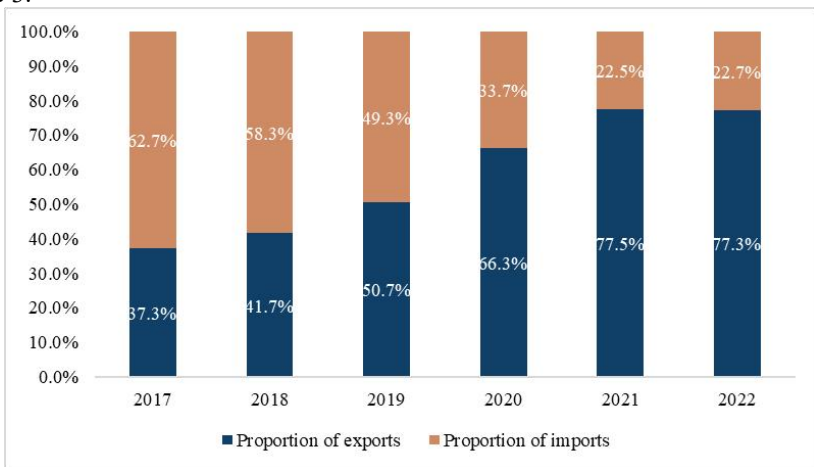


Fig. 2. Industry penetration of cross-border e-commerce of China (figure credit: original)

### 2.3 Proportion of Exports and Imports

The proportion of cross-border export e-commerce transactions has steadily increased. Under the influence of the government's encouragement of enterprises to "go global" development strategy, the scale of the cross-border export e-commerce industry continues to rise. In 2022, the scale of China's cross-border export e-commerce industry accounted for 77.3% of the total transaction size of the industry, while the scale of cross-border import e-commerce industry accounted for 22.7% of the total transaction size of the industry. Cross border e-commerce exports mainly go to the United States, the United Kingdom, Malaysia, France, Germany, Japan, Spain, and Russia. The survey shows that domestic platforms have reduced their exports to Europe and increased their exports to member countries of the Regional Comprehensive Economic Partnership Agreement (RCEP). The imported goods mainly come from Japan, the United States, and South Korea. In recent years, the proportions of exports and imports of cross-border e-commerce of China are shown in Figure 3.



**Fig. 3.** Proportion of exports and imports of cross-border e-commerce of China (figure credit: original)

## 3 Impact of Tthe Dual Circulation Pattern on the Development of Cross-Border E-Commerce

### 3.1 Opportunities

Cross border e-commerce connects domestic and international markets through import and export trade, promoting the circulation of goods and factors. Cross border e-commerce exports connect the domestic production supply side, promote the transformation and upgrading of the foreign trade industry, and assist the country in implementing supply side structural reforms [3]. Cross border e-commerce imports connect the domestic consumption demand side, promote domestic consumption

upgrading, and assist the country in implementing demand side management. It helps to smooth production, distribution, circulation, and consumption, and jointly promote the formation of a development pattern dominated by domestic circulation. At the same time, cross-border e-commerce empowers international external circulation, integrates global high-quality goods and factor resources through imports, promotes domestic consumption upgrading, and promotes China's deep integration into the global factor division system. We integrate global commodity and factor markets through exports, promote the optimization and upgrading of domestic industrial structure, promote China's deep integration into the global industrial division of labour system, and help form a new development pattern of domestic and international dual circulation. The external circulation emphasizes deep integration with the international market, promoting Chinese enterprises to go global. Cross border e-commerce enterprises can promote high-quality Chinese goods to the global market and achieve international development through cross-border trade, international logistics, and other means. At the same time, the promotion of external circulation will also bring more foreign investment and technology introduction, promote innovation of cross-border e-commerce enterprises, and enhance competitiveness [4]. The dual circulation pattern will further strengthen policy support for cross-border e-commerce. The government will increase policy support for cross-border e-commerce, provide more preferential policies and convenience measures, and promote the development of cross-border e-commerce. The dual circulation pattern will also promote cross-border e-commerce enterprises to strengthen innovation and technology application. With the strengthening of internal circulation, cross-border e-commerce enterprises will pay more attention to innovation in products and services, and improve operational efficiency and user experience through technological innovation.

### **3.2 Challenges**

The strengthening of internal circulation may lead to intensified market competition. With the expansion of the domestic market and the increase in consumer demand, more and more enterprises will enter the cross-border e-commerce field, and competition will become more intense. For existing cross-border e-commerce enterprises, it means that they need to pay more attention to product quality, service quality, and user experience, in order to improve their competitiveness. The promotion of external circulation may face competition and trade barriers in the international market [5]. As Chinese enterprises enter the global market, they will face competition from other countries and regions. The fierce competition in the international market requires cross-border e-commerce enterprises to have stronger market insights, brand building capabilities, and international operation experience. At the same time, some countries' tendency towards trade protectionism may also bring trade barriers and restrictions to cross-border e-commerce, requiring enterprises to respond well and formulate response strategies in advance when facing these challenges. The dual circulation pattern has put forward higher requirements for the supply chain and logistics of cross-border e-commerce. The strengthening of internal

circulation means more demand for goods and optimization of the supply chain. Cross border e-commerce enterprises need to establish an efficient supply chain network to ensure the quality of goods, the stability of supply and delivery. At the same time, the promotion of external circulation also requires cross-border e-commerce enterprises to have stronger logistics capabilities and international logistics partners, in order to better meet the needs of the international market. The dual circulation pattern also puts forward higher requirements for the policy environment of cross-border e-commerce. With the promotion of the dual cycle, the government's policy support for cross-border e-commerce will pay more attention to balancing the development of domestic and international markets, requiring more detailed and differentiated policy measures. Cross border e-commerce enterprises need to closely monitor policy changes and adjustments, and adjust their business strategies and models in a timely manner to adapt to the new policy environment [6].

## **4 Strategies for The Development of Cross-Border E-Commerce Under the Dual Circulation Pattern**

### **4.1 Build Public Platform**

The government supports cross-border e-commerce enterprises to become bigger and stronger, providing support from the transformation and upgrading of cross-border e-commerce enterprises, branding construction, comprehensive cross-border platform development, and the construction of cross-border e-commerce comprehensive pilot zones, in order to enhance the comprehensive competitiveness of cross-border e-commerce enterprises. Encourage the Anhui Province Cross border E-commerce Comprehensive Pilot Zone to integrate reforms in small and medium-sized cross-border e-commerce enterprises, logistics industry, platforms, talent, and payment industry, integrate more industries, actively respond to global industrial chain supply chain adjustments, and implement a full industrial chain layout. The Cross-border E-commerce Comprehensive Pilot Zone, in conjunction with customs, taxation, foreign exchange, postal, logistics and other service regulatory departments, simplifies the customs clearance process and forms a more convenient and comprehensive customs clearance service system [7]. We will vigorously support the development of new foreign trade formats such as cross-border e-commerce and market procurement trade, establish a direct connection model between banking institutions and cross-border e-commerce platforms, as well as market procurement and trade networking information platforms, strengthen information auditing, and improve the efficiency of cross-border e-commerce business settlement. To provide high-quality services such as export sales, international trade agency, customs clearance services, customs declaration and inspection, and cross-border payment settlement for cross-border enterprises, with the construction of comprehensive service platforms, logistics sorting lines, overseas warehouses, bonded warehouses, and other basic service facilities as the starting point, to build a cross-border e-commerce production, supply, and sales ecosystem, and accelerate the construction of a win-win cross-border e-

commerce ecosystem. Establishing a stable, secure, and efficient cross-border e-commerce platform is the key to successfully expanding the market. The platform should provide support in multiple languages and currencies to facilitate customers' shopping and payment. At the same time, the platform should have a reliable logistics and distribution system to ensure that products can be delivered to customers in a timely manner. In addition, the platform should also provide good after-sales service to enhance customer satisfaction and loyalty [8].

## 4.2 Reduce Logistics Costs

Cross border e-commerce enterprises should focus on selecting suitable logistics models based on their own business characteristics [9]. After determining the logistics mode, logistics transportation business can be outsourced to third-party professional cross-border logistics enterprises. At the same time, while ensuring product quality, it is possible to improve the product and packaging, outer packaging, reduce product weight, and reduce logistics costs. Timely establish overseas warehouses and reverse logistics systems to better meet the high-quality shopping experience needs of overseas consumers. Due to the small scale of cross-border e-commerce enterprises in China, it is difficult to bear the operating costs of overseas warehouses. Therefore, at this stage, it is possible to consider establishing a shared overseas warehouse through a sharing model; Alternatively, large cross-border e-commerce enterprises can establish overseas warehouses in their main target market countries and then lease their positions to cross-border e-commerce enterprises [10]. This not only reduces the burden of maintaining and operating overseas warehouses for large cross-border e-commerce enterprises, but also meets the warehousing needs of cross-border e-commerce enterprises. Increase policy support, encourage enterprises to invest and use, establish standards for overseas warehouse construction and provide subsidies, regularly update the list of overseas warehouses, increase the exposure of overseas warehouses, and improve the utilization rate of overseas warehouses. Promote information technology construction, actively guide cross-border e-commerce business entities to form strategic alliances, form comprehensive cross-border e-commerce pilot zones, cross-border e-commerce platforms, and information sharing among cross-border e-commerce enterprises, and establish a smart logistics system for overseas warehouses [11]. Improve the efficiency of overseas warehouse logistics operations, improve the efficiency of inbound and outbound operations through intelligent, mechanized, automated and other methods, and improve the efficiency of goods in the warehouse. Improve the efficiency of overseas warehouse operations, improve the service quality and operational efficiency through various means, such as strengthening cooperation with local logistics companies, integrating resources, improving delivery efficiency, optimizing delivery routes and channels, meeting the needs of refined logistics operations, and meeting the needs of cross-border e-commerce customers.

### 4.3 Construct E-Commerce Brand

One major disadvantage of China's cross-border e-commerce development is the low product quality, which is also one of the pains points that labour-intensive products are difficult to avoid. Due to the increase in human and material costs, the cost of manufacturing is also increasing, and compared to before, the cost advantage is greatly weakened. The manufacturing centres of well-known brands have also shifted from China to other Southeast Asian countries. Therefore, in the long run, cross-border e-commerce will face increasing pressure on low-cost exports, and relying on low-cost access to the market is difficult to achieve long-term development. China's cross-border e-commerce faces challenges such as transformation, reduced exports caused by dual circulation policies, lack of core competitive brands, imperfect regulatory systems, and insufficient support for financial technology services. In comparison, the best choice is to develop a differentiation strategy, create a Chinese brand with core competitiveness, and export to China's intelligent manufacturing. The new model of cross-border e-commerce aims to better promote marketing and brand development by comprehensively portraying consumers and analysing the dynamic path indicator system throughout the entire process [12]. Overseas consumers are increasingly valuing the spiritual connotations of brand culture. Products rich in cultural significance and branding are more likely to be favoured by customers. Build a brand story that integrates product application scenarios, user groups, and product functional value. Cross border e-commerce enterprises use data analysis and overseas market research to further understand the competition situation in overseas markets and determine target markets based on their geographical location, policies, culture, and commercial layout. On the basis of determining the target market, choose a suitable brand, and develop brand products based on holidays, seasons, cultural characteristics, lifestyle habits, etc. in the overseas market to further expand the sales channels of brand products in the overseas market.

### 4.4 Comply with Laws and Rules

Cross border e-commerce enterprises should strictly comply with the relevant laws and regulations of the country and region where they are located, including import and export regulations, consumer protection laws, customs regulations, etc., understand and comply with local tax policies, trade restrictions, and embargoed goods lists, etc., to ensure that products and services comply with laws and regulations. Cross border e-commerce involves intellectual property issues, including trademarks, patents, copyrights, etc. of goods. Enterprises should strengthen the protection of intellectual property rights and ensure that the products sold do not infringe on the intellectual property rights of others. Establish an effective intellectual property protection mechanism, strengthen contract constraints, and prevent intellectual property disputes. Cross border e-commerce often involves legal systems in different countries and regions, making the handling of disputes and disputes more complex. It is recommended that enterprises clarify the dispute resolution mechanism in the contract, such as choosing arbitration or court litigation, to ensure that the



selected mechanism can be effectively enforced in a cross-border environment. In addition, it is recommended that enterprises establish good cooperative relationships with suppliers and customers, communicate and solve problems in a timely manner, and avoid disputes escalating. Cross border e-commerce involves a large amount of personal and corporate data, including customer information, payment information, etc. Enterprises should strengthen data security management, take measures to protect the confidentiality and integrity of data, and prevent data leakage and abuse. At the same time, enterprises should also comply with relevant privacy protection laws and regulations, clarify the purpose of collecting and using personal information, and obtain legal authorization. The development of enterprises often coexists with risks, and cross-border e-commerce enterprises face more risks. Leaders of cross-border e-commerce enterprises should have a risk awareness, take risk control as a major issue in the development of the enterprise, and ensure the security of all links, especially the payment process. In particular, it is important to select professional teams to ensure network connectivity and maintain the network at all times, to prevent network vulnerabilities from leaking information from both parties and endangering the security of both parties' funds.

## 5 Conclusions

As China's economy enters a dual cycle pattern, cross-border e-commerce has become one of the important engines of China's foreign trade development. The development of cross-border e-commerce under the dual cycle pattern has broad prospects and potential. By strengthening brand building, expanding overseas markets, and increasing government support, cross-border e-commerce enterprises can achieve larger scale development. At the same time, the development of cross-border e-commerce will also provide new impetus and opportunities for China's economic transformation and upgrading. Through cooperation with relevant parties such as supply chain, logistics, and payment, cross-border e-commerce enterprises can achieve resource sharing, complementary advantages, and improve efficiency and service quality. Under the dual circulation pattern, cross-border e-commerce enterprises are expected to achieve more prosperous development and make positive contributions to the comprehensive recovery and high-quality development of the Chinese economy.

## References

1. Chen W H, Lin Y C, Bag A, et al. Influence Factors of Small and Medium-Sized Enterprises and Micro-Enterprises in the Cross-Border E-Commerce Platforms[J]. *Journal of Theoretical and Applied Electronic Commerce Research*, 2023, 18(1): 416-440.
2. Wang Y, Jia F, Schoenherr T, et al. Supply chain-based business model innovation: the case of a cross-border E-commerce company[J]. *Sustainability*, 2018, 10(12): 4362.

3. Liu A, Osewe M, Shi Y, et al. Cross-border e-commerce development and challenges in China: A systematic literature review[J]. *Journal of theoretical and applied electronic commerce research*, 2021, 17(1): 69-88.
4. Qi X, Chan J H, Hu J, et al. Motivations for selecting cross-border e-commerce as a foreign market entry mode[J]. *Industrial Marketing Management*, 2020, 89: 50-60.
5. Hehua M. Application of passive wireless RFID asset management in warehousing of cross-border E-commerce enterprises[J]. *Journal of Sensors*, 2021(12): 1-12.
6. Wang N. Research on the influence of the cross-border e-commerce development of small and medium-sized enterprises in Dongguan in the post-epidemic era[C]//2021 2nd International Conference on E-Commerce and Internet Technology (ECIT). IEEE, 2021: 176-180.
7. Wang Y, Jia F, Schoenherr T, et al. Cross-border e-commerce firms as supply chain integrators: The management of three flows[J]. *Industrial Marketing Management*, 2020, 89: 72-88.
8. Fan Q. An exploratory study of cross border e-commerce (CBEC) in China: opportunities and challenges for small to medium size enterprises (SMEs)[J]. *International Journal of E-Entrepreneurship and Innovation (IJEEI)*, 2019, 9(1): 23-29.
9. Cassia F, Magno F. Cross-border e-commerce as a foreign market entry mode among SMEs: the relationship between export capabilities and performance[J]. *Review of International Business and Strategy*, 2022, 32(2): 267-283.
10. Fang Y, Layraman T. The Effect of Performance Management System on Employee Productivity in Cross-Border E-Commerce Enterprises in China[J]. *Management*, 2022, 10(3): 155-166.
11. Yang Y, Chen N, Chen H. The Digital Platform, Enterprise Digital Transformation, and Enterprise Performance of Cross-Border E-Commerce—From the Perspective of Digital Transformation and Data Elements[J]. *Journal of Theoretical and Applied Electronic Commerce Research*, 2023, 18(2): 777-794.
12. Chen S H, Xiao H, Huang W, et al. Cooperation of Cross-border E-commerce: A reputation and trust perspective[J]. *Journal of Global Information Technology Management*, 2022, 25(1): 7-25.

**Open Access** This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

