Research on the Opportunities and Challenges for Chinese Cross-Border E-Commerce Companies in Southeast Asia Market

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Keywords: Opportunities, Challenges, Chinese Cross-Border E-Commerce Companies, Southeast Asia Market

Abstract: This paper takes Southeast Asian countries as the research subject, analyzes the advantages of developing cross-border e-commerce market in Southeast Asian countries from the aspects of market potential, population, smart phone market and Internet penetration rate, and also from the geographical environment, the consumption habits of Southeast Asian population, and logistics timeliness. And it analyzes the disadvantages of developing cross-border markets in Southeast Asia from four aspects of its own brand construction, and puts forward some cross-border e-commerce development in Southeast Asia in terms of enterprise development model, policies and regulations, self-brand construction, logistics selection, settlement methods, and personnel training.

1. Introduction

Cross-border e-commerce refers to different customs entities, including enterprises and individuals, through the means of e-commerce to digitize and electronically display goods, communication and final transactions, and transport goods through cross-border logistics to achieve import and export of goods. A business activity. According to the type of end users, cross-border e-commerce can be divided into B2B and B2C platforms. According to the classification of services provided, cross-border e-commerce is divided into information service platforms and online trading platforms. According to the operator classification, cross-border e-commerce can be divided into third-party open platforms and self-operated platforms.

In recent years, with the in-depth development of Internet information technology and economic globalization, the transformation and upgrading of traditional foreign trade, the rapid development of cross-border e-commerce in China has played an increasingly important role in international trade. Many enterprises have vigorously developed cross-border e-commerce. The establishment of e-commerce websites to explore the international market, governments at all levels issued policies to support the development of cross-border e-commerce, consumers' enthusiasm for cross-border e-commerce has also gradually increased, China's cross-border e-commerce rapid growth momentum is obvious, and the development potential is huge.

2. Analysis of the Advantages of China's Cross-Border E-Commerce Development in Southeast Asia

There are fewer cross-border e-commerce platforms for global brands in Southeast Asia, and the market potential is large. In recent years, Southeast Asia has become Asia's most promising e-commerce market after China and India. In 2013, the total online trade in the region was only $7 billion, and it is expected to reach $34.5 billion by 2018.

Southeast Asia is different from other parts of the world, and local e-commerce is growing better than global brands such as Amazon and eBay. Lazada is currently the most popular e-commerce platform in the country, with its headquarters in Singapore and operations throughout the region. Among them, Lazada was established in 2012. It took only three years to become the largest e-commerce platform in Southeast Asia. In addition, the e-commerce giant Amazon has not yet entered Southeast Asia, and Lazada stands out. In June 2015, Lazada announced that it is working with ESG, the global leader in e-commerce solutions, to jointly develop the Southeast Asian market. The significance of this in-depth cooperation is to help China's cross-border e-commerce companies...
to enter the blue ocean of cross-border e-commerce in Southeast Asia faster and more accurately.

Statistics show that the population of Vietnam reached 910,000 in 2015. In 2015, the total population of Indonesia reached 252 million, making it the fourth most populous country in the world; Thailand has a total population of more than 67 million; Malaysia has a total population of 30.63 million; Singapore has a population of more than 3.3 million. On July 27, 2014, the total population of the Philippines exceeded 100 million.

The above statistics reflect the large population of Southeast Asia. The population of the six major countries is as large as 550 million. The market potential is huge, the demand of the people is large, and most products cannot be self-sufficient. Especially in the electronic and fashion categories such as watches and jewelry, the demand for the market is staggering. They are all powerful conditions for Chinese cross-border enterprises to open up markets in Southeast Asia.

According to reports, the average daily network usage time in the world is 4.4 hours, of which the Filipino people like to go online, spending an average of more than 6 hours a day on the Internet. Similarly, people in Thailand, Vietnam, Indonesia, and Malaysia spend an average of more than five hours a day on the Internet. The report reflects the high demand for Internet in Southeast Asian countries. Although the Internet penetration rate of major Southeast Asian countries has reached 40%, there is still a big gap compared with the global average. However, with the development and rising of the economic level of Southeast Asian countries, there is still great potential for Internet penetration in the region. In terms of smart-phone penetration rate, except for Singapore and Malaysia, the penetration rate of smart-phones in other countries is generally low, but as major mobile phone manufacturers including China's Huawei and Xiaomi are vigorously developing the Southeast Asian smart-phone market, the future The penetration rate of smart-phones in Southeast Asia will also be greatly improved. With the development of the Southeast Asian economy, the penetration rate of Internet and smart-phones in the region will continue to rise.

From 1993 to 2004, the ASEAN economies became China's fifth largest trading partner for 12 consecutive years, while China was the sixth largest trading partner of ASEAN. In 2011, ASEAN surpassed Japan and became China's third largest trade cooperation for the first time. Partners, as of 2013, ASEAN has become China's third largest trading partner for two consecutive years. China has become the largest trading partner of ASEAN for three consecutive years. At the same time, the bilateral trade volume of the two major economies still maintains an increase of more than 10% per year, which is much higher than the average growth rate of China's foreign trade. The future trade volume between China and ASEAN still has a great rise.

3. The Analysis of the Disadvantages of China's Cross-Border E-Commerce Development of Southeast Asian Markets

The language exchange with customers in Southeast Asia is extremely difficult. Due to the large number of Southeast Asian countries and different religious beliefs, there is no unified language in each country. In addition, most countries in Southeast Asia are colonies of the United States, France, Britain, the Netherlands, etc. Therefore, the language of the region is complex and there is no common language. Southeast Asia has many countries, a large population, many languages, and many currencies. This complex market environment determines that each e-commerce platform must provide multi-language and differentiated services, so almost every Southeast Asian e-commerce market currently E-commerce platforms are multi-language systems. This has caused Chinese sellers to greatly influence their own development when they explored the Southeast Asian market, which seriously hindered the development of the market.

In Southeast Asia, sellers and buyers have lower trust between each other because credit cards are less popular in Southeast Asia, so consumers are more willing to accept “cash on delivery“ payment, which accounts for 67 of all payment methods. %; and the choice of credit card payment method for locals, the proportion of the second choice, only accounted for 21% of all payment methods. In addition, Southeast Asians borrow other people's credit cards when they shop online, use SMS to pay by hand, etc. These are some unsafe shopping habits, which leads to the security of payment. Due to the low penetration rate of credit cards and the backward payment
methods, people will go shopping at local shopping malls.

The land of Southeast Asia is not a unified section. It is divided into many different countries by the sea and mountains, so there are also various cultures. More importantly, due to the broken ground floor block, the cost of logistics express delivery is very high, the logistics time is slow, and the loss rate is high.

According to Focalprice's customer satisfaction survey, the survey shows that consumers complain about the most complaints about cross-border shopping from logistics, and that logistics aging is too important for consumers to complain. Long-term logistics aging is a prominent feature of cross-border trade, coupled with the time of customs clearance, etc., causing serious problems in cross-border e-commerce logistics timeliness, especially delivery time, which usually takes several months. If you encounter shopping seasons, such as Muslim festivals, logistics time is longer, so many e-commerce companies are blocked in front of the logistics and distribution wall, which has become a barrier to restrict enterprises to open up markets abroad.

Due to the differences in political and cultural factors in Southeast Asia, as well as the instability of its situation, local trade protectionism and the deregulation of foreign companies, the logistics timeliness of cross-border e-commerce will have a greater impact.

Many companies ignore the construction of brand, quality and service awareness. The similarity of products is too high, and the phenomenon of homogenization is an important reason that restricts the development of enterprises. The current market economy is demand-oriented. Enterprises must grasp the psychology and consumption habits of consumers and attract consumers in enterprise research and production. At the same time, the products of the eyeballs must constantly seek innovation and development, improve product quality and enhance service awareness, and build their own brands.


Optimize supply management. The government should introduce relevant laws and regulations, strictly review the quality of the goods sold, improve the quality certification system, establish a certification system for commodity suppliers, and publicize them. Enterprises should pay close attention to the latest needs of consumers, use big data, analyze the consumption trends in different regions and different periods, arrange the supply of goods in advance, arrange the supply inventory reasonably, and make the supply of products and services more forward-looking and timely.

Enterprises should improve their information integration capabilities. Cross-border e-commerce enterprises should expand their user scale through information integration, abandon their pricing strategies, start from the value chain, gradually improve the quality of low-cost products, strengthen brand awareness, and cultivate their own core competitive products. Brand awareness, through information integration of physical value chain and virtual value chain, solves a series of problems such as commodity delivery, safety and after-sales service, improves efficiency, ensures transaction security, optimizes value chain management, and improves service quality.

The government should pay attention to the supervision of cross-border payment, unify the market access rules, strictly review the credit status, business qualifications and business scope of third-party payment institutions, and prohibit third-party payment institutions from unauthorized use of the client's deposited funds. Safeguard customer funds. Third-party payment companies must ensure that transactions are authentic and trustworthy. For individual users, real-name management can be implemented to improve personal real information. For businesses, it is necessary to strictly examine the business licenses and credit status of e-commerce companies to ensure the safety of funds.

Establish cross-border logistics overseas warehouses. The government issued policies to encourage enterprises to transport goods through overseas warehouses, and give them policy subsidies or policy loans. Enterprises should pay attention to building an information-based, professional overseas warehouse logistics system, rational planning, and simplify intermediate links to make logistics more smooth.
Improve customs clearance efficiency. Establish a comprehensive service website that integrates the functions of various departments, including customs, inspection and quarantine, national taxation, etc., and regulates the standards of inspection and quarantine and other supporting systems related to customs clearance in relevant countries, so that e-commerce enterprises and consumers enjoy faster and more convenient customs clearance.

Regulating the cross-border e-commerce market requires the joint efforts of the government, enterprises and society to achieve internal and external cooperation and a two-pronged approach. Internally, strengthen the construction of laws and regulations, and on the basis of improving existing laws and regulations, introduce an international cross-border e-commerce legal framework, strengthen the convergence of China's e-commerce law and international e-commerce law, and provide a solid law for cross-border e-commerce market supervision. Support; through the strengthening of supervision of big data, the various regulatory agencies work closely together to form the connectivity and sharing of data, and real-time supervision of the company's operations and product quality. Cross-border e-commerce platforms must also take responsibility and ensure good product quality. At the same time, increase the investigation and punishment of illegal transactions and protect consumer rights. Externally, strengthen cooperation with other countries and jointly build a coordination system for rights protection for consumers. In the past few years, China’s cooperation with relevant countries has not been in place, making cross-border e-commerce a lack of a strong international environment. Nowadays, we should speed up the construction of cross-border e-commerce international supervision and cooperation mechanism with relevant countries. The vast number of cross-border e-commerce enterprises should seize the good opportunity of “One Belt and One Road” and the construction of AIIB, and actively cooperate with countries along the border to protect their rights. Negotiate and establish a unified and standardized rights coordination mechanism to strive for more discourse power in cross-border e-commerce construction and world economic governance, and to help cross-border e-commerce development.

Colleges and universities should understand the latest developments of cross-border e-commerce, arrange students' courses according to the e-commerce development situation, select teachers with multi-disciplinary knowledge such as e-commerce, foreign trade and foreign languages to teach, and also carry out extensive school-enterprise cooperation. The government can conduct differentiated training for cross-border electric merchants, build a training base for small language talents, and exchange international students extensively, making our cross-border electric businessmen more open, contemporary and international.

5. Conclusion

Cross-border e-commerce is an innovative form of commercial trade, which has greatly promoted the development of international commerce and has broad prospects for growth. Under the new situation, if we want to expand China's Southeast Asian trade and business space and enhance the momentum of economic development, we must innovate and reform, and open up new trade models, so that cross-border e-commerce can inject new vitality into China's trade development.

References