

# The Operation of the Cross-Border e-commerce Logistics in China

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**Abstract:** According to the cross-border e-commerce background, the article is analyzed its operation on the cross-border e-commerce logistics in china. Firstly, this paper illustrates the operation characteristics of cross-border e-commerce logistics, then analyzes some aspects of the cross-border e-commerce logistics, like operations, logistics cost management and so on. Secondly, this paper analyzes existing problems in cross-border e-commerce logistics from the development of electronic commerce logistics cross-border in China. Finally, some suggestions were put forward on cross-border e-commerce logistics operation from the two aspects of macro level of cross-border e-commerce and micro level of cross-border e-commerce enterprise.

**Keywords:** Cross-Border e-commerce Logistics, Logistics Operation Model, e-commerce Logistics, Cross-Border e-commerce

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## 1. The Background and Meaning of Research Project

In recent years, the cross-border e-commerce develops rapidly in China. It has involved people's life. Cross-border electronic commerce refers to a more advanced form of the application process of electronic commerce; it means that the both sides of trade in different areas or country can realize the transaction by using Internet or some platform with related information. Cross-border e-commerce also has the form of electronic commerce, such as B2C, B2B, C2C and so on. B2C and B2B are the main forms. Import and export in international trade usually involves international payment, customs release of import and export, international transportation, transportation insurance and so on. The safety and risk control also should be considered at the same time. These make differences between cross-border electronic commerce and the electronic commerce. As for the middle and small-sized enterprises, the cross-border electronic commerce is much thought highly of, it can provide many chance about overseas market. The rapid development of cross-border electronic commerce bring logistics a huge potential market, but in the aspect of cross-border e-commerce logistics,

however, third party logistics companies in China have not provide the professional and individual logistics service to cross-border e-commerce. Cross-border e-commerce enterprises have not entered into a professional track of the operation of logistics, and explore a logistics operation mode that is suitable for the cross-border e-commerce.

As a result, the study of cross-border e-commerce logistics has significance.

*Table 1. Points of some scholars in China*

Author	Publish Date	Main Points
Xiangming Meng, Qianhui Tang	2014	Discuss the strategies of promoting the sound development of Chinese cross-border e-commerce [1].
Shuyan Cao, Zhenxin Li	2013	To develop the third party logistics with cross-border e-commerce [2].
Yongxing Wang	2013	Improve the logistics services of cross-border e-commerce [3].
Chao Mu	2013	Optimize customs' supervision of the cross-border e-commerce logistics [4].
Juan Liu	2012	Innovate the logistics services of cross-border e-commerce [5].

Cross-border e-commerce logistics as a new area is developing rapidly and this trend is drawing people's attention. But cross-border e-commerce logistics in the logistics

academia still a new topic and deserve to explore and study. The Table 1 shows some opinions of scholars in China.

Cross-border electronic commerce developed early in the foreign country, especially in developed country in Europe and America, such as eBay of America. The logistics in some developed countries has faster development and more advanced. Table 2 shows some situations after the study of a part of scholars abroad.

*Table 2. Points of some scholars abroad*

Author	Publish Date	Main Points
Abbas Asosheh, Hadi Shahidi-ejad ,ourieh Khodkari	2012	The logistics mode of cross-border e-commerce that base global supply chain[6]. The e-commerce can increase the volume of international trade. In the long term, the development of e-commerce will bring great benefits for the developing countries in the international trade [7].
Nuray Terzia	2011	To develop the third party logistics with cross-border e-commerce [8].
Ying Wang, Dayong Sang	2005	

## 2. Main Problems in the Development of the Chinese Cross-Border e-commerce Logistics

### 2.1. Supportive Policies of Chinese Cross-Border e-Commerce Logistics are not Enough

Cross-border electronic commerce began late in China but with a rapid development. There are not related supportive policies in China. But cross-border electronic commerce attracts more and more attentions because it is the new growth point in foreign trade of China. In this year, some department included Commerce Department have published a policy, About the Suggestions of Supporting Cross-border Electronic Commerce Retail Export, which is a specific measure with pertinence to solve the problems the retail export met in customs inspection and quarantine, revenue and other aspects. It is no doubt that this policy can break the ice in the export, and it is a rare chance to all retail export enterprises.

### 2.2. The Speed of the International Logistics's Development and the Demand of the Cross-Border e-commerce are not Matching at Present

The developed speed of cross-border electronic commerce in China makes people surprised. In 2011, the volume of trade in Chinese cross-border electronic commerce is about 1.6 trillion yuan. In 2012, it is about 2 trillion yuan, and it is about 3.1 trillion yuan in 2013. The trade scale growth faster. Take Yiwu City in Zhejiang Province as an example, the daily shipments of cross-border delivery reaches 20000 votes in the first half of this year. In term of logistics enterprises, the third party logistics companies engaged in cross-border electronic

commerce is less, most of them is international express corporation to accomplish logistics distribution services, such big logistics quantity is not enough if it only depends on international express corporation, especially in the rush season for shopping, it is a normal phenomenon that express overstocks and blasting warehouse, which make an obstacle to the development of cross-border electronic commerce logistics.

### 2.3. Incomplete Foundation Facilities of Chinese Logistics

Logistics appeared late in China, the whole logistics environment is relatively poor, all kinds of supporting facilities are still to be perfected. There is also less transportation junction connected with different transportation modes. Cross-border electronic commerce involves cross-border warehousing, tax assessment, transportation and so on. In order to reduce the consumption, be faster and lower cost during transportation as far as possible. These both require establishing a efficient, effective and reasonable logistics system, and need more advanced and perfect logistics facilities. But which depend on international small packet and international express (much time of transportation, high cost) is contrary to the features that cross-border electronic commerce is convenient and efficient. It restricts the further development of cross-border electronic commerce. Good cross-border electronic commerce logistics system and foundation facilities need to be built.

### 2.4. Lack of Professional Services Provided by the Third Party Logistics

There are a lot of third party logistics companies in China, but the large-scale of them with higher professional level are less, such as DEPPON. Most of logistics companies provide logistics services just in China, even the electronic commerce services are just for the electronic commerce in China. As for the international express services, it uses a way as normal express without providing a full range of professional logistics service professionally for the cross-border electronic commerce. At present, only UPS, DHL, EMS provide international express services to the cross-border electronic commerce in China. Therefore, the professional third part logistics service is so necessary, it is beneficial the great development of Chinese cross-border electronic commerce and enable Chinese cross-border electronic commerce be in an invincible position in the international market.

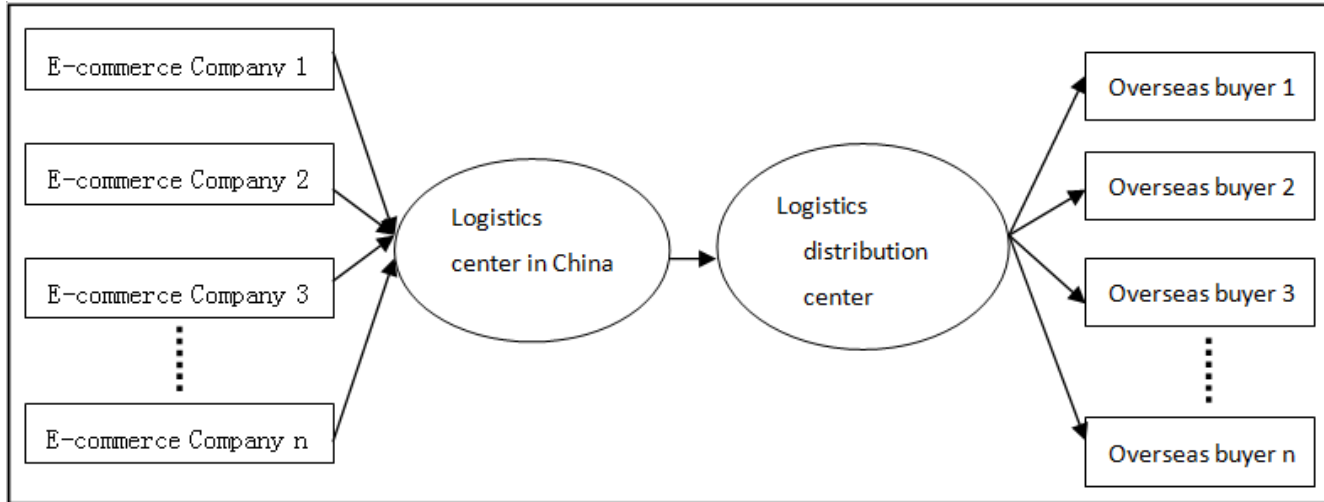
## 3. The Suggestions of Operation About the Chinese Cross-Border e-commerce Logistics

### 3.1. The Logistics Strategy Alliance of the e-commerce Company

In the electronic commerce company's view, the self-run logistics will increase logistics costs of enterprises. It is a logistics operation mode that hard for the electronic commerce

companies to make a decision. However, in the term of the scale economic effects, it is possible for cross-border electronic commerce companies to collaborate in logistics with each other and establish logistics strategy alliance. Many cross-border electronic commerce companies can work together to build a logistics warehousing center in China and a logistics distribution center abroad, members of the alliance

can transport the goods to the logistics warehousing center in China. After overseas buyers place the order, according to the instruction, logistics center transport the goods to the distribution center abroad. And then, according to the delivery instruction, the distribution center abroad distributes the goods to overseas buyers. Figure 1 shows the operation of logistics strategy alliance.



**Figure 1.** The operation of logistics strategy alliance

### 3.2. Select Overseas Warehousing

Overseas warehousing is based on the actual demand of cross-border electronic commerce companies. The two main ways of warehousing are the self-run storage and outsourced storage. Outsourced storage is the form of logistics operation that the cross-border electronic commerce company used today. By the way of overseas warehousing services provided by the professional supplier in overseas warehousing and help the cross-border electronic commerce company provide delivery services of the products and finish transactions. In the term of cost, it is the form of logistics operation that meets the demand of the cross-border electronic commerce company. As for some cross-border electronic commerce companies with large scale, it is not only to think of the cost, but also need to consider customer experience, customer satisfaction, market opportunity, commodity management, inventory control and so on. Consequently, companies with large-scale transaction can choose overseas warehousing as their form of operation.

### 3.3. The Third Party Logistics Company Provide Professional Logistics Services

The third part logistics company is a professional logistics service provider. It can provide all-around and high-quality services for customers. It is a prevalent phenomenon that there are many third party logistics companies in China. But little third party company can provide professional logistics services for the cross-border electronic commerce. There are differences between the cross-border electronic commerce and the cross-border electronic commerce domestic. Cross-border electronic commerce is a cross-border trade and

its transaction processes and logistics operations are more complicated. In the whole process, it involves the process of international transportation, customs declaration and inspection and so on, it is not convenient for the operation of cross-border electronic commerce. If there are professional logistics service providers, and they can finish the work on transportation, warehousing, overseas distribution, customs declaration and inspection and so on. Not only the efficiency of logistics operation can be promoted, but also the cost of the cross-border electronic commerce can be reduced and customer satisfaction on shopping can be increased.

### 3.4. To Perfect the Logistics Infrastructure Construction in China

The logistics infrastructure in china is being perfect. By reasonable planning, the logistics infrastructure can truly play a promoting role for china's logistics development. From the perspective of cross-border e-commerce, logistics infrastructure can be improved by planning the logistics network and building the logistics nodes. The first one is to planning the logistics network reasonable, which can form a comprehensive transportation network system to coordinate with other transportation modes. From the perspective of logistics system, it involves the division of different modes of transportation, and optimizes the distribution of transport resources. The second one is to strengthen the construction of logistics nodes, as an important part of logistics, it is a must for us to develop the logistics nodes which has comprehensive functions. By doing this, it can enhance the operational efficiency of logistics.

### **3.5. To Perfect the Legal Mechanism of Cross-Border e-Commerce Logistics in China**

As an emerging industry, cross-border e-commerce is still lacking the relevant laws and regulations. A good legal environment is beneficial to promote the development of cross-border e-commerce logistics, it is also good for the development of china's cross-border e-commerce and helpful to improve the logistics operation efficiency of cross-border e-commerce. At present, the Chinese laws don't have any relevant regulations about cross-border e-commerce logistics operation specification, cross-border e-commerce logistics customs clearance procedures, cross-border electronic commerce tax regulations, cross-border e-commerce logistics warehouse management and cross-border e-commerce logistics enterprises related measures for the administration. As the rapid development of cross-border e-commerce, laws and regulations become an indispensable part of it. Laws and regulations have certain protection effect about both cross-border e-commerce enterprises and related logistics enterprise or consumers, and makes the emerging markets, emerging industries rapid and sound development.

### **3.6. To Strengthen Policy Support of China's Cross-Border e-commerce Logistics**

Supporting of policy is very important for the developing cross-border e-commerce logistics. Supporting of policy also provides a good opportunity and plays a good role in promoting the international competitiveness for the cross-border e-commerce logistics. In China, there is no enough policy supporting of the emerging industries. The departments of government should introduce some policies such as financial supporting, process simplifying, Cross-border e-commerce logistics tax breaks and so on to supporting the development of cross-border e-commerce. For example, in September 2013, by the ministry of commerce jointly with the national development and reform commission (NDRC), and the general administration of customs of the people's bank of nine departments jointly formulate the "About Supporting for Cross-border E-commerce Retail Sales Suggestions Policy", which puts forward the supporting for cross-border e-commerce retail export policy and export inspection, foreign exchange settlement and specific measures. This is a good start. It would bring more logistics enterprise

welfare if providing more policy supporting in the future. This logistics enterprise will more competitive in the international competition.

## **4. Conclusion**

E-commerce has come into our daily life, with the arrival of the economic globalization; e-commerce also realizes the globalization. The emergence of cross-border e-commerce makes people have a wonderful online shopping experience of globalization.

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