

Practical Field Observations on Cross Border E-Commerce Startup

Tzu Shan Tseng¹

Abstract

Recently, the global sales of cross border e-commerce are increasing. Especially, in most of the Asian countries, companies use the internet platforms to sell their products and make the profits for them. Cross border e-commerce is an important opportunity in this time point but it will be challenged at the same time. This study applied field observations method on the cross border e-commerce platforms - Alibaba, Amazon, Aliexpress, Lazada and eBay for one-year period through the academic-industry cooperation program between companies and university for studying and providing the suggestions about the critical factors to have cross border e-commerce startup. Luckily, the study got the results and applications: Firstly, about the products requiring, the startup must require or produce the products with uniqueness. Secondly, for expanding the international markets for surviving, the startup must acquire multiple platforms operation and management strategy. Thirdly, for reducing the cost, the startup must have localization strategy to reach the global customers in different countries. Fourthly, about the logistics, the oversea warehouses will be one trend of cross-border e-Commerce. Fifthly, it is very important for startup to keep learning and get themselves professionals on, for example, the optimization of keywords of their products and the analyzing the big data for marketing and selling. So the startup must recruit and train their own professional cross border e-Commerce teams.

Keywords: Cross-border e-commerce, Startup, academic-industry cooperation, localization, logistics

Research Background, Motivation and Purpose

Following the popularity of the internet globalization and mobile phone, e-commerce has been the new Silk Road in the era. Companies sell their products to make profits through the Cross border e-Commerce. Consumers have more international products to select and the cash flow online is more and more smooth and convenient than before. The most popular cross border e-commerce platforms in the world right now are Alibaba, Amazon, Wish, Lazada and eBay, and so on. Cross Border e-Commerce has become the trend of e-commerce with increasing output value. Base on the report of eMarketer, the global e-commerce sales was 6.6 trillion US\$ in 2016 and among this, it increased 22.3% compared with 2015 which was 2.046 trillion US\$ in 2016 and will reach 10 trillion US\$ in 2020. The growth rate in 2020 will be 27%. And the population of Cross Border e-Commerce, for example, B2C, was from three point zero nine hundred million in 2014 to nine hundred million in 2020. The growth rate will be over 21% (Huang & Benyoucef, 2013). Asian market becomes one of the most important cross border e-commerce in the world. Base on iResearch, China's Cross Border e-Commerce market was 6.5 trillion RMB in 2016 and will reach 8 trillion RMB in the end of the year 2017 (Marshall, Geoffrey & Sangeet, 2016). All of these numbers represent the importance of Cross Border e-Commerce. And the technological trend and the global sales of cross border e-commerce enhance the development of cross border e-commerce startup. Many offline entrepreneurs now sell their products through the platforms of cross border e-commerce which are Alibaba, Aliexpress, Amazon, eBay, Lazada and Wish and so on. So how to make profits through these cross border e-commerce is the main concerns of the online startups and offline startups.

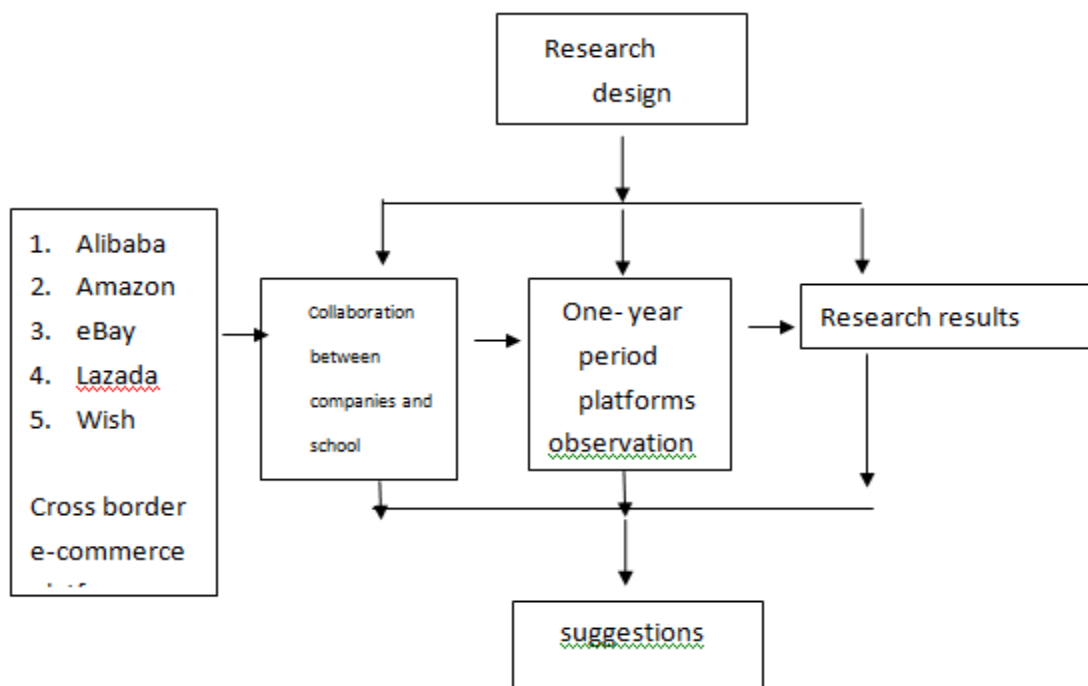
In these startups, the cross border e-commerce entrepreneurs not only must handle to deal with operations on platforms, for example the optimization with keywords, but also the big data analysis, supply chain management,

¹ Assistant Professor, Ming Chuan University, #250, Sec. 5, Zhongshan N. Rd., Zhongshan Dist. Taipei City, Taiwan (R.O.C.) E-mail: shan23tw@yahoo.com.tw

products innovation, marketing strategy, customer relation management and so on. They also need to concern the cultural differences issue. All of this influence the success of cross border e-commerce and are the main questions of this study which are the factors to enhance the cross border e-commerce startup. In this era, the importance of the cross border e-commerce is increasing and competition of the cross border e-commerce is increasing, also. About these, the research purpose of this study is to find the critical factors of cross border e-commerce startup and provide the suggestions to the startups in this field. The study included the research motivation, research purpose, literature review, research methodology, research result and research suggestion. This study applied field observations method on the cross border e-commerce platforms - Alibaba, Amazon, Aliexpress, Lazada and eBay for one-year period through academic-industry cooperation program between companies and university for studying and providing the suggestions about the critical factors to have cross border e-commerce startup.

Figure 1 Research Process

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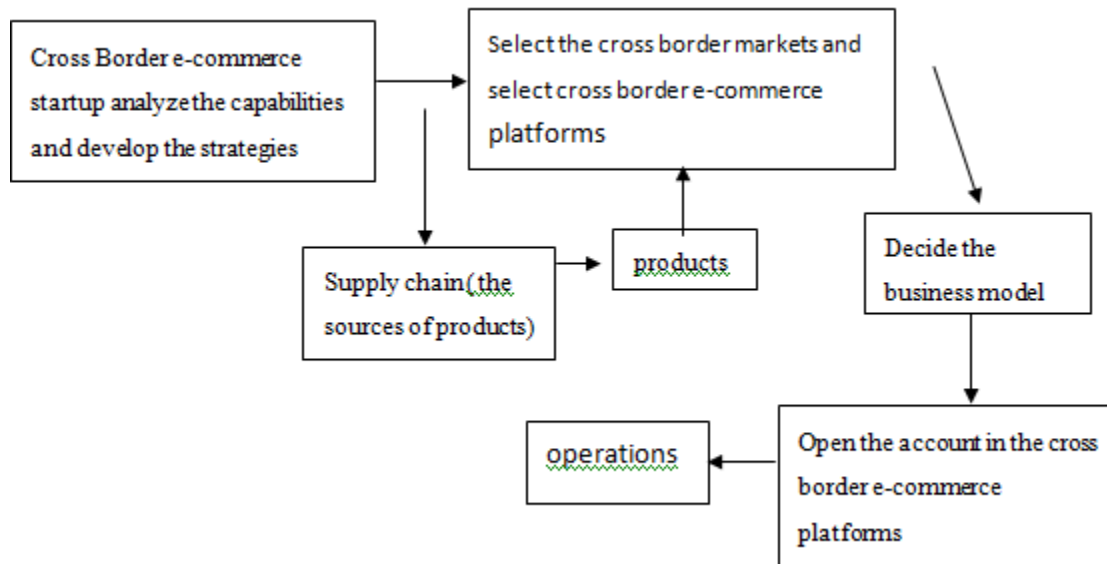
Literature Review

Across border e-commerce is the electronic trades across the countries. We can say that the cross border e-commerce help develop the globalization. Cross border e-commerce now plays a very important role in the field of global retail industry (dos Reis, J.G.M., 2014). Consumers can easily buy the cheaper and designed products with quality. To save the cost, the sellers don't need to set up an oversea office for exporting. International distribution is the main concern of cross border e-commerce and also one of the difficulties in the period. How to enhance the speed and quality of international distribution? How to customize the international distribution for different varieties of products? How to build the oversea warehouse to reduce the time for international distribution? And the development of the cash flow of cross border e-commerce is also a main concern of cross border e-commerce. The cash flow of cross border e-commerce includes money transfer, credit card payment and Third party payment (Gavet, M., 2014). Recently we can see a lot of countries involve in developing the fin-tech innovation (Anthony, S.D. et.al., 2014). About the business model of cross border e-commerce include B2B, B2C, C2C, C2B, P2P, and O2O.

Among these, the O2O is a trend now which is to coordinate the commercial activities of online and offline. How to let the products have higher exposure rate and sales is one of the important things of cross border e-commerce companies. The search engine plays a critical role. How to optimize the keywords and product optimized title to let the product order move to the first three pages influence the profits of cross border e-commerce companies (Zhu, F., & Furr, N., 2016).. The supply chain management is also very important for cross border e-commerce. It coordinates the materials, product and inventory among the suppliers, distribution, warehouse and transportation (Eisingerich, A.B., & Kretschmer, T., 2008).

Research Methodology

Figure 2 Research Structure



The research studied the business model of cross border e-commerce startup on the Alibaba, Amazon, Aliexpress, Lazada and eBay. Through the literature review and multiple research methodologies to find out the critical factors of cross border e-commerce startups and provide the suggestions to them. This study applied field observations method on the cross border e-commerce platforms - Alibaba, Amazon, Aliexpress, Lazada and eBay for one-year period through academic-industry cooperation program between companies and university for studying and providing the suggestions about the critical factors to have cross border e-commerce startup.

Research Results and Suggestions

Cross border e-commerce is full of business opportunities. It is also full of challenges for cross border e-commerce startups. This study applied field observations method on the cross border e-commerce platforms - Alibaba, Amazon, Aliexpress, Lazada and eBay for one-year period through academic-industry cooperation program between companies and university for studying and providing the suggestions about the critical factors to have cross border e-commerce startup. The results are described in the following sentences. For expanding the international markets for surviving, the better and easy way for the startup to enter global markets is cross border e-commerce internet world. Firstly, about the products, it is better produce or sell differentiated products with good quality, not only sell or produce the cheaper products. Secondly, it is very important to select the appropriate multiple (not focus on only one platform) cross border e-commerce platforms fitted your company for startup. Thirdly, it is very important to organize a cross border e-commerce team for startup. Fourthly, it should provide the training for cross border e-commerce teams periodically, for example, the operation skill on the platforms, the sales skills and the marketing skills and so on, for the global markets. Fifthly, distribution (logistics) effectiveness and efficiency is one critical success factors for cross border e-commerce entrepreneurs. To build the oversea warehouse is a trend. It can reduce the distribution time effectively. And it also can reduce the products loss during the transportation and it can reduce the products return time.

Sixthly, one of the most important factors for cross border e-commerce entrepreneurs are enhance the innovative information technologies, for example, to be familiar with the optimizing the product keywords and titles, analyzing the big data for marketing and selling, keeping the skills to increase the exposure rate, click rates, contact rates and so on. Big data analysis is one of the new trend and an important skill in cross border e-commerce Startup.

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