The Dynamic Impacting Study of Competitive Strategies to Import Retail E-Commerce Sellers

Xuanxuan Zhang, College of Economics and Business Administration, Chongqing University, Chongqing, China

ABSTRACT

The authors investigated several import retail e-commerce sellers through questionnaires and selected several types of variables based on Porter’s competitive strategy theory. Then the authors used the panel data to empirically verify theoretical consumptions based on samples got by Python method from Jingdong Global Purchases and Tmall International, the top two e-commerce platforms in China. Results validated the three major competitive strategies that could enhance the competitive advantages to import retail e-commerce sellers. As it was not applied to all platforms and commodities, sellers should make different strategies through different platforms and commodities. This article has theoretical significance that filled in the gaps on import retail e-commerce sellers’ competition. It also has certain practical significance by providing references for sellers on how to improve their competitive advantages, promote healthy competition and development of the import retail e-commerce, even to facilitate the structure adjustment of consumption and foreign trade in China.

KEYWORDS

Competitive Strategy, Cost Leadership, Imported Retail E-Commerce, Panel Data, Porter, Product Optimization, Reputation Priority

INTRODUCTION

Nowadays, import retail e-commerce would be the hottest topic in China’s e-commerce industry. There were four main reasons for this. The first was the changing of China’s foreign trade way. The traditional way of cross-border trade grew sluggishly after the global financial crisis in 2008 while cross-border e-commerce was rising rapidly. Traditional trade volume fell 0.9% in the whole year of 2016, and cross-border e-commerce trading reached 6.3 trillion yuan with the growth rate of 23.5%. Import retail e-commerce trading scale up to 305.47 billion yuan with the growth rate of 47.36% (iResearch, 2017). The second was the changing of economic growth momentum. In macro aspect, the contribution rate of consumption to economic growth reached 64.6% in 2016(National Bureau of Statistics of China, 2017). In micro aspect, the consuming way has changed from offline to online and from domestic consuming to cross-border consuming as the generation after 80s became the main subject of domestic consuming market (Guo, Wang and Chen, 2015; Mao & Yang, 2017). The third factor was that imported retail e-commerce has two advantages compared to traditional physical store...
sales channels: the reduction of fixed cost (Wu, 2007; Lu & Feng, 2009) and the lower tax rate. The forth was that a number of documents have been issued to promote and standardize the development of import retail e-commerce from 2014 (Li & Ma, 2016). With the rising of this business, it was essential to analyze import retail e-commerce carefully and deeply.

LITERATURE REVIEW

At present, there were few researches directly related to our article, the authors would summarize contributions into three aspects: research topics, research theories and research methods.

In terms of research topics, the previous researches to import retail mainly focused on macroscopic perspective. Saipe (2013) used cross-border e-commerce sellers in United States and Canada as research samples and found that cross-border and domestic logistics costs have a significant impact on their profits. At the same time, the free shipping mode can increase the volume of cross-border e-commerce transactions in US and Canada. Hsiao (2017) has found that a satisfactory CBLS provider could promote cross-border e-commerce transaction volume. Liu (2015) proposed certain research proposals on the development of cross-border e-commerce and promotion of trade cooperation relations based on relevant bilateral trade agreements between China and Russia.

In terms of research theory, there were many researches on the competition strategies among enterprises, but the most representative one was Porter’s (2001) competitive strategy theory, which summarized three basic strategies to determine strategic advantages on Internet enterprises: product optimization, cost leadership and reputation priority. Many scholars (Ge & Zhang, 2013; Rodder & Reucher, 2012) verified factors that affect the Internet companies’ competitive strategies based on Porter’s theory. Product optimization strategy meant that sellers attracted consumers through the different categories of commodities. Zheng, Wang, Liu, Ni and Wu (2014) proved that product innovation has a positive influence on promoting sales volume of electric commerce enterprise by collecting 309 samples on Tmall. Xue & Guo (2012) proposed that the sale of virtual goods or small and low-cost goods would be beneficial to e-commerce sellers to enhance their competitive advantage. However, there was such strict supervision over import retail e-commerce products. Firstly, virtual goods were not allowed to sell. Secondly, commodities sold should be in the “positive list.” In addition, according to statistics from AliResearch (2016), the sales volume of three main categories of domestic import retail e-commerce products which were mother and infant supplies, cosmetics and health care products and these items reached 72% of the total sales volume of domestic import retail e-commerce. Cost leadership strategy meant to provide low price commodities with low unit cost to attract consumers. Sun, Zhang and Jiang (2017) proved that e-commerce could lower the cost by increasing searching efficiency, and found that equilibrium price would be different by different searching efficiency. Gomez, Martens and Turlea (2014) confirmed that the cross-border online transaction costs were much lower than the costs of offline transactions due to the decrease in the tax rate, rent, and searching costs. But the logistics costs and waiting costs cannot be ignored (Mudambi & Schuff, 2010; Cheung, Luo and Sia, 2009), especially the logistics way of import retail e-commerce. If it was direct mail import, the delivery of goods was completed by CBLS (Hsiao, 2017) and it made higher waiting cost as involved buyers and sellers from different countries (Chen, Hsu and Chang, 2015). A high-quality CBLS could not only enable buyers and sellers to complete cross-border e-commerce transactions, but also could enhance the customer’s stickness to cross-border e-commerce sellers. Xue & Guo (2012); Li, Wu and Xu (2007) proved that logistics advantages have a significant effect on e-commerce sellers’ competitive advantage. Wang & Du (2016) directly advised that import retail e-commerce sellers could enhance their business performance by establishing an effective supply chain logistics system. Therefore, it was important to analyze different waiting and logistics cost caused by different price of the goods, freight and logistics way to reduce the cost for sellers. However, few researches have been made in China at present. Reputation priority strategy was to make comprehensive management of a company’s reputation at strategic level, and to convey
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