Patterns and Prospect of Cross-border E-commerce of Agricultural Products in China

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Abstract. With the deepening of the rural revitalization strategy and the development of cross-border e-commerce, the use of the operating model and marketing method of cross-border e-commerce platforms to achieve double breakthroughs in agricultural production and sales, which will help solve the issues concerning agriculture, rural areas and farmers. This article analyzes the development status and advantages of cross-border e-commerce in China's agricultural products, and discusses the existing export models of agricultural products and future development trend, with a view to promoting the development of cross-border e-commerce in agricultural products.

Keywords: Agricultural products; Cross-border e-commerce; Export patterns.

1. Introduction

In recent years, major domestic e-commerce platforms have established cross-border transaction platforms for agricultural products. Many companies have worked closely with these e-commerce companies, thereby promoting the rapid development of agricultural products. Buying and selling agricultural products by e-commerce platforms can reduce transaction costs and stimulate the economic growth of agricultural products. The e-commerce of agricultural products is a model conversion of the “Internet+” agriculture. It can integrate the existing resources to the end, concentrate the source of agricultural products, avoid information asymmetry, and reduce the transaction risk of agricultural products. It provides a new way for the transformation of agricultural production and business models. The development of cross-border agricultural products e-commerce can expand the export of agricultural products and optimize the allocation of resource allocation. It can also promote the development of rural logistics, effectively promote farmers to return to their hometowns and employment, and increase the disposable income of farmers.

2. Development Status

2.1 Constantly expanding import and export trade amount of agricultural products

China is a large agricultural country. It has always been rich in agricultural products. In terms of total volume, it is a larger agricultural product producer in the world, and it has been expanding in terms of trade volume and trade. From 2013-2021, the total import and export of agricultural products in our country showed an upward trend. In 2021, the import and export of agricultural products in China was US $304.17 billion, an increase of 23.2% year on year. From the perspective of agricultural exports, the total exports of agricultural products in China from 2013-2021 have a slight ups and downs but the overall as a whole is up. Affected by the epidemic in 2020, the export of agricultural products in China was US $76.03 billion, a decrease of 3.23% year on year. In 2021, the export volume of agricultural products in China was US $84.35 billion, an increase of 10.9% year on year.

2.2 Cross-border e-commerce with rapid development

According to customs data, China's cross-border e-commerce import and export scale in 2021 was approximately 1.9237 trillion yuan, an increase of 18.6% over 2020, accounting for 4.9% of the total import and export. Among them, exports were about 1391.8 billion yuan, an increase of 28.3%, and imports were about 531.9 billion yuan, a decrease of 0.9%. In terms of cross-border e-commerce import and export structure, exports are still dominated. In 2021, China's cross-border
e-commerce export structure rose slightly, with an export ratio of 72.4%, and imports accounted for 27.6%. In terms of transaction model, China's cross-border e-commerce transactions are still mainly B2B. In 2021, B2B trading model accounted for more than 70%. B2B transactions are the main markets of cross-border e-commerce, mainly because the commodity transaction volume is large and the transaction volume is high, and the B2C transaction is mainly used for retail consumption of individuals and families, with a small scale. At present, the export B2B online procurement has gradually become the mainstream trend of global procurement, and it has a large driving area for the trade economy. At the same time, the export of B2C sales are penetrating into more countries, from developed markets in Europe, the United States, Japan and South Korea to emerging markets in Southeast Asia.

2.3 Strong growth of agricultural product cross-border e-commerce exports

Affected by the comprehensive factors such as epidemics, consumers are becoming accustomed to online shopping. More and more agricultural export companies use online channels to promote market promotion, and the growth momentum of e-commerce exports in agricultural products is strong. According to the data of Alibaba International Station platform, the export volume of cross-border e-commerce on the platform in 2021 increased by 118% over the previous year; the top 10 major categories of cross-border e-commerce agricultural products were fresh vegetables, frozen products, nuts, and nuts dried fruits, fresh fruits, mushrooms and truffles, beans, ornamental plants, animal and plant oils, plant seeds and bulb, and wood raw materials; the top 5 overseas markets in the exports are the United States, the United Kingdom, Indonesia, Canada, and Hong Kong, China.

3. Development Models

3.1 Agricultural product cross-border B2B model is in the growth stage

B2B (Business to Business) refers to transactions between enterprises. In terms of exports, cross-border e-commerce B2B exports of agricultural products are in the growth stage. After years of development, the cross-border e-commerce platform has continued to deepen from the information platform to the trading platform to the digital platform. This model has the advantages of stable customer source and long cooperation in the transaction. It has entered a relatively mature stage of development, and has a high degree of concentration in industries such as 3C, hardware, and clothing. Since 2021, cross-border e-commerce of agricultural products has broken through the obstacles of global epidemic and trade barriers, and has a strong development momentum. Cross-border e-commerce B2B model has opened up a new form of agricultural exports, strengthens agricultural product brand certification, and continues to promote export growth of agricultural products. The typical representative is the comprehensive third-party platform Alibaba International Station, and the vertical platform “Yang Ling Agricultural Science” cross-border e-commerce platform.

3.2 Agricultural product cross-border B2C model is in the infancy

B2C (Business to Customer) means that commercial institutions have e-commerce for consumers. In terms of exports, China's cross-border e-commerce B2C exports are in their infancy. Due to the particularity of agricultural products and food, exportable categories are limited. There are relatively few platforms that can be selected by cross-border e-commerce B2C models. Major platforms are not very encouraged to consume categories. They are very strict for agricultural products. Generally, small and medium-sized agricultural enterprises cannot sell on the platform. For example, platforms such as Shopee and wish do not have agricultural product categories; AliExpress also has fewer agricultural products and food. In general, the development of cross-border e-commerce B2C exports of agricultural products in China is relatively backward, which to a certain extent is also related to the fact that the domestic agricultural product supply
chain system is lower than the international level, and the public service system of cross-border e-commerce of agricultural products is not perfect enough. It is urgent to activate the market by optimizing and integrating cross-border e-commerce policies, talents, logistics, technology, funds, infrastructure and other element resources for agricultural products.

Another model of cross-border e-commerce is the C2C (Customer to Customer) model, which refers to e-commerce between individuals (consumers) and individuals (consumers). However, the C2C mode is limited, mainly used to the transactions between acquaintances. It is more suitable for products with small size and convenient logistics and transportation, and not suitable for cross-border transactions of large agricultural products.

3.3 Agricultural product cross-border B2B2C model has huge potential

B2B2C (Business to Business to Customer) is a new online shopping business model. The first B refers to the supplier of commodities or services, and the second B refers to the platform where the buyers and sellers are traded. Its platform is not only an intermediary, but also a platform that provides high value-added services, such as customer management, information feedback, database management and decision support. B2B2C originated from the evolution and improvement of the B2C and C2C models. It is more comprehensive and can provide higher quality services.

In terms of exports, the export model of cross-border e-commerce B2B2C in agricultural products is centered on overseas warehouses, and the support service capabilities for cross-border e-commerce trade exports are continuously optimized and upgraded. Different from industrial products, the shelf life of agricultural products is short and easy to deteriorate. In the process of cross-border trade and transportation, the cost will be relatively high if direct mail transportation is used. Through the form of overseas warehouses, agricultural product sellers can refrigerate, processing, preservation, maintenance, logistics distribution, logistics distribution, and logistics integrated management of agricultural products in the sales destination. After completing online shopping, foreign consumers only need to issue instructions to overseas warehouses, and the order can be completed, which greatly shortens the time from domestic to destinations and reduces losses during transportation. For the return and exchange, it can also be easily solved, which will help greatly improve the consumption experience of overseas users. Therefore, agricultural products and food products with a certain storage time and stable orders are very suitable for cross-border e-commerce export business using the overseas warehouse mode.

At present, China's cross-border e-commerce of agricultural products has formed mainstream models such as B2B, B2C, B2B2C, etc. And with the support of information technology such as big data, cloud computing, Internet of Things, and blockchain, it has gradually integrated with new retail and live streaming e-commerce. The existing B2B and B2C models both have problems with insufficient export supply, high transaction costs, and small platforms. The B2B2C model takes overseas warehouses as the core and provides agricultural product enterprises with complex diversified services such as direct procurement from origin and direct mail to explore overseas markets, which can effectively make up for these deficiencies. After the cross-border e-commerce export pilot was fully rolled out in 2021, the convenient level of cross-border B2B exported has increased, and the overseas warehouse export model has also been rapidly popularized and developed, which greatly improves the convenience level of cross-border e-commerce exports of agricultural products. It is more conducive to the development of our country's agricultural product export market.

With the advent of the new retail era, the simple online or offline models can no longer achieve long-term development. Cross-border e-commerce of agricultural products needs to use a more advanced business model and deeply integrate online and offline in order to better create value. The S2B2C new retail model can seamlessly integrate suppliers, distributors and buyers. Among them, S is a large supplier, B refers to channel vendors, and C is a customer. In this model, the relevant industrial chain is closely connected. The entire supply chain process from value creation to value realization not only greatly improves the service level of online companies, but also provides
customers with more value-added opportunities. Through this model, on the one hand, it provides technical support for suppliers through the S2B2C e-commerce platform, so that they can promote their products quickly and lowly; On the other hand, it helps platform companies to screen high-quality merchants, tap outstanding suppliers, eliminate inferior suppliers, and control business anytime, anywhere. Agricultural products have unique regional and non-standardized characteristics. For cross-border online sales, live broadcast e-commerce and short videos can not only reduce the differences in cultural and language, but also vividly present the entire process of agricultural product production and planting, break the asymmetry of information, allow consumers to more intuitively and conveniently understand overseas agricultural products and increase credibility, which has become an important means for cross-border digital marketing and traffic introduction of agricultural products.

4. Advantage Analysis

4.1 Good foreign trade environment

The introduction of a series of national legislative measures has effectively promoted the development of cross-border e-commerce platforms and related businesses, and cross-border e-commerce is becoming an important force for foreign trade. In addition, under the “Belt and Road” initiative, China vigorously develops the “Silk Road E-commerce”. The countries along the “Belt and Road” are rich in agricultural resources and have a solid foundation for agricultural cooperation. Relevant countries have complementary advantages and joint cooperation to make a good agricultural trade exchanges, which in turn has strongly promoted the implementation of the Belt and Road. In addition, according to local conditions, local customs have continuously innovated the cross-border e-commerce supervision model of agricultural products, the level of trade facilitation and the efficiency of cross-border e-commerce import and export of agricultural products have been improved.

4.2 Improved business environment

In recent years, new technologies such as big data are gradually incorporated into all aspects of cross-border e-commerce, including R&D, manufacturing, distribution, and after-sales. With the development of the Internet, these new digital economies will be deployed on a large scale in the fields of cross-border trade services, manufacturing, logistics, and payment, which will help cross-border e-commerce flourish. According to data from the National Bureau of Statistics, the national online retail sales reached 13.09 trillion yuan in 2021, an increase of 14.1% year on year. Among them, the retail sales of rural networks nationwide reached 2.05 trillion yuan, an increase of 11.3% year on year, and the growth rate accelerated by 2.4 percentage points. The retail sales of agricultural products in the country were 422.1 billion yuan, an increase of 2.8% year on year. E-commerce has accelerated the development of agricultural industrialization and digitalization. A number of agricultural products that meet the needs of e-commerce have been continuously selling well, which has played a positive role in promoting rural economic development and poverty alleviation work.

4.3 Platform power

In response to national policies, major platforms such as Alibaba, Pinduoduo, JD.com, and Suning have spared no effort in the development of farmers and rural e-commerce. As a social e-commerce, Pinduoduo relies on the strategy of “rural surrounding cities”. Through low-cost marketing and traffic promotion, instantly gather user needs, and further stimulate fan orders through e-commerce and fans, so as to immediately transform demand into actual purchases. In this way, a large number of agricultural supply is solved, the losses have been reduced, and the cost of cold chain and storage has been reduced. Since the epidemic in 2020, Pinduoduo has continuously cooperated with local governments to help farmers based on its advantages in the agricultural
e-commerce market and huge user base. By the end of December 2020, Pinduoduo has launched more than 240 “hometown good goods” to help farmers live broadcast in the country, and the total of more than 2.06 billion kg of agricultural products for agricultural specialized areas. The live broadcast help farmers usher in new development. New channels such as Taobao live broadcast, Tik Tok live broadcast, and Kuaishou live broadcast have been launched.

5. Conclusion and Prospect

At present, cross-border e-commerce of agricultural products maintains a good development momentum, which has spawned a new model of new formats for cross-border e-commerce in agricultural products. With the rapid development of global e-commerce, China's cross-border e-commerce industry has huge potential, and transaction volume continues to grow. On the one hand, the cross-border e-commerce of China's agricultural products is closely following the trend, and there are many challenges. Agricultural products still need to be improved in e-commerce platforms, quality and logistics, and the development of cross-border e-commerce exports of agricultural products still takes time. But on the other hand, the development of trading digitalization has made cross-border e-commerce gradually become an important means of agricultural product marketing in China. At present, online transactions have become the mainstream, and live broadcast e-commerce will stimulate the new vitality of agricultural consumption. The international experience of cross-border e-commerce agricultural products trade shows that trade informatization, trade diversification, and intelligent e-commerce intelligence play an important role in promoting cross-border e-commerce in agricultural products. The improvement of cross-border e-commerce B2B and B2C models, the development of the B2B2C model, and the arrival of S2B2C model will continue to help the development of cross-border e-commerce in agricultural products.

References