

# Discussion on the cross-border e-commerce business model of mobile Internet

Yi Tengqi

*Changsha Vocational & Technical College, Changsha, Hunan, 410000, China*

**Abstract:** *The development of Internet information technology has provided reliable technical support for the advancement of the trend of globalization. International trade has also begun to gradually rely on the online trading platform based on mobile Internet technology. Cross-border e-commerce has become a new form of international trade at present, which opens up a new path for the development of the global economy. At present, cross-border e-commerce based on mobile Internet mainly includes three types of business models, namely cross-border B2B, cross-border vertical B2C and cross-border C2C, which have different performance in profit methods, logistics and warehousing, payment forms and quality control. This paper will start from the basic concept and operation mechanism of cross-border e-commerce based on mobile Internet, introduce the basic overview of different business models, and analyze the specific performance of the three business models in different fields for reference.*

**Keywords:** *Mobile Internet; Cross-border e-commerce; Business model*

## 1. Introduction

Under the influence of multiple factors, international trade faces great uncertainties in the future, and is faced with many risks and difficulties in the context of the continuous advance of the trend of globalization. Cross-border e-commerce is a kind of online cross-border trade mode based on mobile Internet technology. It can change the original trade mode, make international trade no longer restricted by the transaction scale, and provide a new path for foreign trade enterprises to expand the market and expand the business area, thus promoting the upgrade and transformation of international trade, so that international trade can get out of the current development predicament. With the support of mobile Internet technology, the development of cross-border e-commerce has promoted the birth of more new business models. The following will analyze and introduce the business models of cross-border e-commerce from different aspects.

## 2. Introduction to cross-border e-commerce based on Mobile Internet

### 2.1 Basic overview of cross-border e-commerce of mobile Internet

Cross-border e-commerce based on mobile Internet is a kind of trading mode that uses Internet information technology to build an e-commerce platform and carry out cross-border international trade. Trading parties located in different customs can carry out information transmission and communication through the mobile Internet platform, and on this basis complete various trading operations such as ordering, settlement and payment. And with the help of the equipped cross-border logistics transportation system will transport the order to the designated customs point. Compared with the traditional international trade system, cross-border e-commerce based on the mobile Internet can effectively complete transactions with the help of mobile communication technology. Different transaction subjects can communicate and exchange in real time through the online platform, and check the dynamic logistics information at any time, so that the information feedback can be more timely and effectively reduce the transaction risk caused by the information lag. In addition, at the present stage, big data analysis technology is more and more widely applied in e-commerce. Through the analysis of the operation behavior data of consumers' online platforms, merchants can more accurately grasp the heterogeneous demands of different consumers, reasonably divide the types of consumers according to certain standards, and combine the behavior pattern and demand pattern of consumers to carry out flexible production and supply of products. So as to fully meet the actual needs of businesses and consumers.

## ***2.2 Operation mechanism of cross-border e-commerce of mobile Internet***

Cross-border e-commerce based on mobile Internet will involve more industrial entities in the operation process, and transactions between buyers and sellers can be completed through a longer industrial chain. In this process, network equipment suppliers should first provide the basic hardware devices and software equipment for cross-border e-commerce, so as to ensure the smooth network and provide technical support for cross-border e-commerce transactions. Secondly, content providers need to provide the content data that needs to be shown to different transaction subjects in the process of cross-border e-commerce transactions to mobile operators and service providers, and then service providers will combine the content information provided and the data content they have mastered to develop a complete service scheme. Subsequently, mobile operators will work with channel suppliers to explore more actual cross-border e-commerce operation modes and realization paths through channel cooperation mode, so as to expand the scale of cross-border e-commerce business, while mobile operators will cooperate with mobile terminal manufacturers to provide buyers with intelligent mobile equipment. Enable it to access the Internet for information docking with the seller's transaction subject, thus completing the whole process of cross-border e-commerce<sup>[1]</sup>.

## **3. Introduction of cross-border e-commerce business model based on mobile Internet**

### ***3.1 Cross-border large-value B2B model***

Cross-border large-scale B2B is a kind of carrier cross-border e-commerce business model. E-commerce platform enterprises provide platform services for trading entities in different customs, and transfer the supply and demand information feedback of buyers and sellers, as well as the online browsing, consulting, ordering and settlement during the transaction to a specific platform for completion. Third party companies then provide mobile payment functions and logistics services for both parties, so that the purchased products can be transported to the designated trading place as soon as possible. In cross-border large-scale B2B, the platform operator will set up an e-commerce platform by itself, and the buyers and sellers need to register and log in on the e-commerce platform and become members of the platform through authentication to release relevant transaction information. Then the big data technology and mobile communication technology equipped with the e-commerce platform will push the released supply and demand information to the corresponding transaction subject. Then, the buyer can use the functions provided by the e-commerce platform to complete the query of product information, order, settlement, payment and other operations, and the seller can use the online customer service function to provide relevant product consulting services and after-sales services for the buyer. Compared with other business models, cross-border large-scale B2B model can provide a wide variety of products for trading entities, so as to provide information feedback for trading entities in a more timely manner. It is also equipped with complete payment function and logistics system, with clear transaction process and mature business model.

### ***3.2 Cross-border vertical B2C model***

Cross-border vertical B2C is a vertical cross-border e-commerce business model. Its transaction scale is mostly small retail and wholesale, inheriting the characteristics of traditional e-commerce self-run business. E-commerce enterprises purchase corresponding products uniformly through designated channels, and the supporting settlement, payment and logistics and transportation services are carried out in accordance with the standardized mode. Compared with other cross-border e-commerce business models, the cross-border vertical B2C model of product warehousing system, logistics and transportation system, settlement and payment system and after-sales service system are self-built by the platform, forming a complete supporting service system with strong brand effect, which can sell products overseas without resorting to other third-party platforms. Thus, the control and management of product quality will be more standard and stable, and consumers will be able to buy trustworthy products<sup>[2]</sup>. But at the same time, the B2C model is mainly responsible for vertical sales operation, and each platform is usually only responsible for cross-border transactions of a certain category or several categories of products. It can also use big data technology to provide consumers with product types and marketing information more in line with the current consumption needs according to their specific positioning of mobile devices. In addition, the cross-border transaction in B2C mode is relatively small in scale, and consumers are mainly individuals with a relatively small number of products. In the process of logistics and transportation, express parcels are mainly used, which are directly picked up from the self-built

warehouse and transported to the designated trading place.

### ***3.3 Cross-border C2C mode***

Cross-border C2C mode is a kind of comprehensive cross-border e-commerce business model. Its transaction scale is mostly small retail and wholesale, and the transaction process is mainly completed through purchasing guidance and marketing. In the application of cross-border C2C mode for e-commerce trade, a professional technical team is usually used to build the online platform system, so that sellers with relatively small business scale and all kinds of transaction subjects with too scattered distribution can provide integrated one-stop online transaction services, and mobile payment technology can be used to complete the settlement and payment process of products. With the help of perfect warehouse management and logistics transportation system, order products are transported to the designated place, and commercial insurance purchase services are provided for products and trading activities, so as to provide consumers with the choice of small loans, so as to fully meet the needs of different transaction subjects in cross-border international trade. The above supplementary value-added services can be technical construction by the operator who builds the online platform system, or the task of service function construction can be subcontracted to the third party technical team, which can be comprehensively considered and selected according to the product type, transaction demand, cost constraints and other factors. Compared with other cross-border e-commerce business models, cross-border C2C mode provides more diversified online payment modes, buyers and sellers can choose currencies of different countries to carry out trade, the logistics and transportation modes are more flexible and diversified, and the service system has strong features of comprehensiveness and diversity.

## **4. Comparative analysis of cross-border e-commerce business models based on mobile Internet**

### ***4.1 Comparative analysis of profit methods***

The main profit mode of cross-border large-scale B2B model is to provide information intermediary services for wholesalers and suppliers with large trading scale, so that sellers can complete registration in the trading platform built by themselves, and provide buyers with browsing, consulting and consulting services by using the diversified commodity types and information of the trading platform. The integration of big data technology can accurately match the commodity information with the actual needs of trading subjects, and ensure the smooth completion of trading activities. In this process, the buyer and seller need to pay for the platform services provided by the platform operator. The platform operator can maintain its income through the membership fee and advertising fee paid by the seller, so as to make profits.

The main profit mode of cross-border vertical B2C model is to provide ordinary consumers with self-operated commodity browsing, purchase, payment, logistics and other services. The types of commodities are relatively small, but the business organization is more professional, and usually does not rely on third-party platforms to increase payment, logistics and other functions, so as to provide one-stop services for buyers. In this way, it can form a large-scale commodity economy, effectively reduce the operation and management costs, but also provide guarantee for product quality, with strong brand effect, with the profits obtained in the trading process of self-operated commodities as its main source of profit. The main profit mode of cross-border C2C mode is to provide purchasing guidance and marketing services for buyers and sellers with small transaction scale, so that different transaction subjects can release relevant information during the transaction period and complete a series of services such as settlement payment and commercial insurance purchase on the platform built by the platform operator. Buyers and sellers need to pay for the services provided by the platform. Platform operators can earn profits from transaction commissions, membership fees and advertising fees <sup>[3]</sup>.

### ***4.2 Comparative analysis of logistics and warehousing***

At present, the logistics mode of cross-border e-commerce mainly includes the following three types: the first is the delivery of small parcel express. The corresponding waybill is generated for each order, and then the goods are transported to the designated trading place by international express according to the specific information of each waybill. This kind of logistics mode is usually common in small-scale cross-border transactions. Due to the small amount of a single order and the transaction locations are not concentrated in the same area, goods need to be transported to different transaction locations with the help of small parcel express. On the one hand, it has the characteristics of flexibility, but on the other

hand, it will also generate large transportation costs. The other is self-established warehousing and transportation. E-commerce enterprises have the ability to build self-established warehouses in different customs territories and centrally transport a large number of orders within the same period to the designated customs territory through transshipment warehouses and supporting logistics systems. In the comprehensive bonded area, the goods are divided according to the specific information of different orders, and then transported to the designated trading place of each order with the help of the local logistics system. This kind of logistics mode reduces the overall cost of cross-border logistics, but has higher requirements on the self-built storage capacity of e-commerce enterprises, and the early stage risk is larger. The third is to establish a freight alliance, which usually aggregates the orders of different logistics systems in the same trading place for transportation and combines them into a relatively large waybill. Containers are used to complete the logistics transportation task, which greatly reduces the logistics cost. However, commodity orders of different logistics systems have higher requirements for the feedback of order information during classification, screening and centralized packing, which usually consumes more time cost and relatively slow transportation speed. In addition, the current cross-border e-commerce warehousing mode is mainly divided into three types according to the location. Among them, the warehouse at the place of shipment is mostly used for the transport mode of self-established freight alliance, which is usually located in the bonded area; the warehouse at the transfer place has both the functions of warehousing and tax avoidance, and is usually located in the important transit node. Overseas warehouses are mostly self-built by cross-border e-commerce, which can transport goods to other customs<sup>[4]</sup>.

Cross-border large-scale B2B mode has a relatively large transaction scale, and its logistics and warehousing services are usually handled by the two parties of the transaction through negotiation. Most of them choose the traditional international freight mode for logistics transportation, which takes the form of sea or air transport. In the cross-border vertical B2C mode, the self-built warehouse of e-commerce enterprises serves as the logistics transfer point. They usually cooperate with foreign countries to transfer the commodities to the self-built warehouse in the bonded area using the international logistics system, and then submit the specific information of each order to the customs, and then the local logistics system distributes each order separately. Each transfer link of the order will present the specific logistics information on the platform for the buyer and seller to check. In the cross-border C2C mode, the transaction scale is small, but the order frequency is high. In order to save costs, the coordination and cooperation between international logistics and freight transport alliances are usually used to complete the distribution of goods. The logistics cycle is relatively long, and the customs clearance and tax declaration process is relatively complex.

#### ***4.3 Comparative analysis of payment forms***

At present, there are two main forms of payment in cross-border e-commerce. One is cross-border foreign exchange purchase, which transfers domestic capital and currency to overseas by means of foreign exchange purchase settlement. This process requires the approval of the domestic foreign exchange Bureau, so that the payment for goods paid by the buyer can be transferred to the receiving bank located in other customs territory. The second is cross-border foreign exchange settlement, which transfers overseas capital and currency to China through foreign exchange sale and settlement. The third-party payment platform will initiate the foreign exchange settlement request after receiving the relevant order information initiated by the e-commerce platform. The bank will check and process the foreign capital and currency settlement request of the payment platform and convert the foreign capital and currency into domestic currency. Thus, the smooth transfer of overseas funds to domestic accounts can be realized [5]. The three cross-border e-commerce business models mentioned in this paper all involve the above two different forms of payment process, and the payment object is the main difference between them.

#### ***4.4 Comparative analysis of quality control***

In the cross-border large-sum B2B model, the quality of commodities in the transaction process will be inspected by a third-party quality inspection agency. The e-commerce platform only provides information intermediary services, and the after-sales service is usually undertaken by the seller. However, the development of the current third-party quality inspection agencies is not mature, and the guarantee effect of commodity quality also has certain defects. Cross-border vertical B2C mode is self-operated products of e-commerce enterprises with strong brand effect. In order to improve the comprehensive strength of enterprises, they usually strictly control the quality of products and provide

complete after-sales service. The product quality control system of cross-border C2C mode is relatively weak, which usually depends on the reputation of the seller, and there will be omissions in the after-sales service.

## 5. Conclusion

The Internet provides a more favorable development channel for the current cross-border e-commerce, and more and more business models keep emerging, becoming a new path for international trade. At present, the three common cross-border e-commerce business models have different performance in the fields of profitability, logistics and warehousing, payment forms and quality control, but there is still a large space for development, and further optimization of technical support and human resource allocation is needed to provide a reliable guarantee for the fairness and security of cross-border transactions.

## References

- [1] Guo Yan, Sun Dehai (2021). *Research on Existing problems and improvement strategies of Chinese cross-border E-commerce services [J]. Frontier Economy and Culture, no.09, pp.20-22. (in Chinese)*
- [2] ZHANG Qiudi (2021). *Business Model and Profit Analysis of Cross-border E-commerce -- Based on the case analysis of Alibaba, Tmall, e Bay and Macy's Department Store [J]. Economist, no. 03, pp. 55-57+61.*
- [3] Feng Kai, Zhang Xinwei. (2020). *Research on cross-border E-commerce business model based on Mobile Internet [J]. International Business Research, 41(01):39-49.*
- [4] Li Zhen(2016). *Analysis on the business model of China's cross-border E-commerce trade platform [J]. Shopping Mall Modernization, no. 22, pp. 3-4.*
- [5] CAI Lijuan (2016). *Research on the development of cross-border E-commerce trade in traditional foreign trade Manufacturing Industry under "Mobile Internet +" [J]. Business Economics Research, no. 16, pp.140-143.*