

Shanghai SME Cross-border E-commerce Platform Operation Modal Analysis

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Abstract

Small and medium-sized enterprises occupy an important position in the national economy. They not only have quantitative advantages, but also make an inestimable contribution to the growth of GDP. With the continuous development of e-commerce in recent years, some relevant government policies are also actively supporting cross-border e-commerce. The development of cross-border e-commerce is a new opportunity for small and medium-sized enterprises. However, due to their limited resources, how to develop cross-border e-commerce and how to choose the mode is a difficult problem. As the economic center of China, Shanghai has obvious advantages in geography, talents, science and technology. However, Shanghai's small and medium-sized enterprises are also facing the problem of high cost of real estate resources and weakening comparative advantages. Therefore, this paper mainly targets small and medium-sized enterprises in Shanghai's cross-border e-commerce business type, takes the operation mode of cross-border e-commerce platform as the research content, and introduces four models according to the difference in operation mode: self-operated platform model, cross-border service provider model, third-party platform model, and industrial park model. It mainly compares and analyzes the characteristics and advantages and disadvantages of these four cross-border e-commerce models, and gives suggestions for SMEs to choose cross-border e-commerce models based on the current situation of cross-border e-commerce in Shanghai.

Keywords

Cross-bord E-commerce; Patter; Small and Medium-sized Enterprises.

1. Introduction

1.1. Background and Implications

1.1.1. Background

With the all-round development of modern network information technology and economic integration, the combination of cross-border trade and e-commerce came into being. Cross-border trade through the Internet has become a new form, which reduces investment costs for many small and medium-sized enterprises to expand overseas markets, and is also more conducive to their own flexibility. Since 2014, cross-border e-commerce has developed by leaps and bounds in China, and the government has repeatedly proposed at important meetings that the development of overseas e-commerce must make good use of the advantages of "Internet + foreign trade" to achieve benign imports and exports. In January 2016, Shanghai was one of the new cross-border e-commerce comprehensive experimental zones established by the state.

Small and medium-sized enterprises (SMEs) account for the vast majority of China's enterprise groups, and have positive innovation vitality and extensive influence. The number of small and medium-sized enterprises in Shanghai accounts for more than 96% of all enterprises, and they help provide about 80% of the employment opportunities in society. From these data, it is not difficult to see that from the macro perspective of Shanghai's economic development, small and

medium-sized enterprises play a pivotal role. Therefore, in order to achieve the national strategic goal and build a science and technology innovation center with global influence and a high-quality development highland with international competitiveness, Shanghai must vigorously promote the development of small and medium-sized enterprises. However, due to the constraints of capital and manpower, there will be many insurmountable gaps in cross-border e-commerce activities, and it is difficult to choose the cross-border e-commerce model. In this context, this paper compares the application platform models applicable to cross-border e-commerce SMEs through the analysis of the actual statistical results of cross-border e-commerce SMEs in Shanghai, and puts forward some reference suggestions.

1.1.2. Research Implications

The application of cross-border e-commerce platforms can provide more opportunities for China's goods to enter the international market. Shanghai is located in the Yangtze River Delta zone, with perfect infrastructure and logistics system, and its economic development level ranks first in China, and it is one of the earliest free trade zones established in China. From our past impression, Shanghai should have a very big advantage over other provinces and cities in this regard, but the comprehensive ranking of the cross-border e-commerce index in 2019 is not in the top five, and the reasons behind it are worth thinking about. In this context, this paper analyzes the classification of the operation mode of cross-border e-commerce platforms, combined with the actual situation of small and medium-sized enterprises in Shanghai, and provides a certain reference for small and medium-sized enterprises in Shanghai in the selection of cross-border e-commerce models, and guides small and medium-sized enterprises in Shanghai to explore the international market, and flexibly select and use cross-border e-commerce models with the times.

1.2. Literature Review

Combined with the main content of this paper and the current research status of scholars, the relevant literature is mainly sorted out from the following three perspectives:

1.2.1. The Significance of Cross-border E-commerce for Small and Medium-sized Enterprises

Many domestic studies believe that cross-border e-commerce can provide opportunities for small and medium-sized enterprises to progress. Huang Yongwen (2014) concluded that the development of e-commerce model can overcome the obstacles for Chinese SMEs to enter the international market by traditional means. Zhou Jishun (2019) analyzed the current dilemma of China's cross-border e-commerce development, including supporting services, regional equilibrium problems, and talent mismatch. Yang Ning (2019) pointed out that the growth of Internet applications has made cross-border trade break through spatial constraints and become more and more specialized, and the scale is becoming smaller and smaller. Hua Xiuling (2021) found through empirical research that six factors, including cross-border e-commerce policies and cross-border e-commerce talents, will have different degrees of impact on SMEs to carry out cross-border e-commerce.

1.2.2. Research on Cross-border E-commerce Platform Model

Mu Chenggang (2014) divided China's small-scale cross-border e-commerce into four models: self-operated, integrated service, platform, and enterprise application based on the core competitiveness of enterprises. Wu Yunyun (2016) divides the mode of cross-border e-commerce into five types based on the mode of operation, and suggests that small and medium-sized enterprises with limited resources should choose a model that can adapt to themselves. Hu Wei (2019) divided the platforms into four categories according to the differences in the way and number of transactions involved, including platforms for bulk commodities and small transactions, as well as wholesale and retail and professional third-

party platforms. Zhang Xiaoyu (2020) believes that different platform models need to integrate information and tracking business service providers, continuously improve their own level, and conduct research on the development of information integration capabilities of their own positioning platforms to provide more targeted information services.

1.2.3. The Current Situation and Problems of Cross-border E-commerce Development in Shanghai

Bi Lingyan, Li Ziyi, and Li Dandan (2019) research shows that Guangdong Province is the strongest province in the country in terms of cross-border e-commerce, but it lacks momentum in the growth of cross-border e-commerce. In contrast, Shanghai's e-commerce growth index is the highest in the country. Huang Junjie, Xu Minghao et al. (2020) pointed out that Shanghai ranks sixth in the ranking of cross-border e-commerce cities in China. The reasons obtained by the authors of this paper are: the supervision system of Shanghai Customs is relatively rigid; Shanghai's limited resources have led to higher resource costs, and Shanghai's advantages are no longer so obvious after the establishment of treaty ports across the country.

To sum up, cross-border e-commerce can help small and medium-sized enterprises gain advantages compared with the traditional foreign trade situation, and has great potential, but also faces problems in unbalanced regional development, law, supporting services, etc. Many scholars have divided the operation model of cross-border e-commerce platforms from different perspectives, but with further development, the analyzed model can solve known problems, but new problems will also appear, and new models will also appear.

Based on this, this paper combines the smile curve theory and the national competitive advantage theory to clarify the mechanism and transmission path of the cross-border e-commerce model on the operation of small and medium-sized enterprises, and compares and analyzes the advantages and disadvantages of the four cross-border e-commerce models, so as to provide a practical scientific basis for the policy choice, priority and strategy to promote the operation of cross-border e-commerce platform for small and medium-sized enterprises in Shanghai. Related concepts and theories.

2. Related Concepts and Theories

2.1. Related Concepts

2.1.1. Small and Medium-sized Enterprises

The definition of small and medium-sized enterprises in this article adopts the relevant national regulations of China, and according to the latest "Provisions on the Classification Standards for Small and Medium-sized Enterprises" promulgated in 2011, small and medium-sized enterprises are divided into medium-sized, small and micro enterprises according to specific indicators. The main research object of this paper refers to the small and medium-sized enterprises in Shanghai that are involved in cross-border product trade under the provisions of the Provisions on the Classification Standards for Small and Medium-sized Enterprises.

2.1.2. Cross-border E-commerce Operation Platform

A cross-border e-commerce operation platform refers to a system of operation carriers that belong to trading entities belonging to different customs borders, conclude transactions, and carry out transaction-related derivative activities. For example, through cross-border e-commerce platforms such as Amazon, we can help enterprises engaged in international trade to realize the display of goods, the communication between buyers and sellers, the payment of buyers according to the agreement, and the delivery of goods by the seller.

2.2. Theoretical Basis

2.2.1. Smile Curve Theory

The emergence of the smile curve theory is based on the globalization trend of the market, the increasing pressure of product life cycle, the low profitability of enterprises, and the huge pressure of survival. The main point of the theory is that through R&D and independent innovation, enterprises can create more added value to break through the bottleneck of enterprise development. As shown in Figure 1, with a two-end upward smiling lip curve, in the industrial chain, R&D activities with high added value are distributed at both ends, and manufacturing added value in the middle is the lowest.

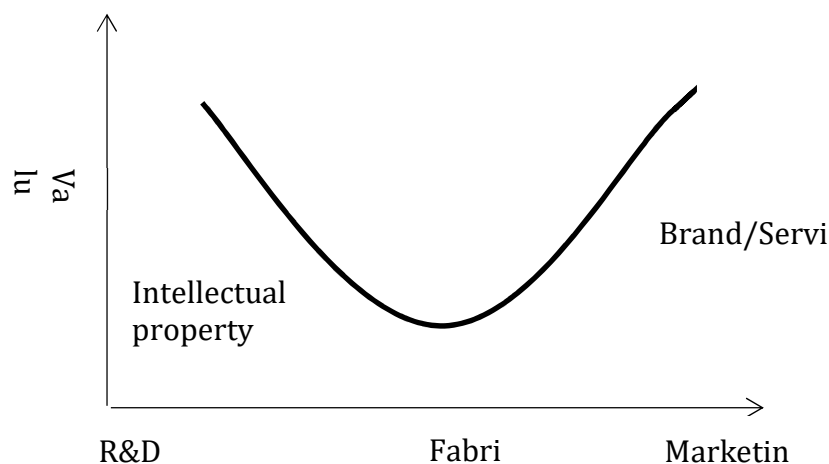


Figure 1. Theoretical diagram of the smile curve

2.2.2. National Competitive Advantage: Porter's Diamond Theory

Michael Porter, a well-known strategic management scientist in the United States, believes that the four characteristics of a country's production factors, demand conditions, related and supporting industries, corporate strategy and competition form the competitive environment of local enterprises, and these four characteristics can build a diamond theory model, which is a complementary system, and the role of one feature depends on the state of other characteristics. A firm or industry sector is most likely to succeed when it is in the most advantageous position for the model. There are also two variables, chance and government, that will have an impact on the model.

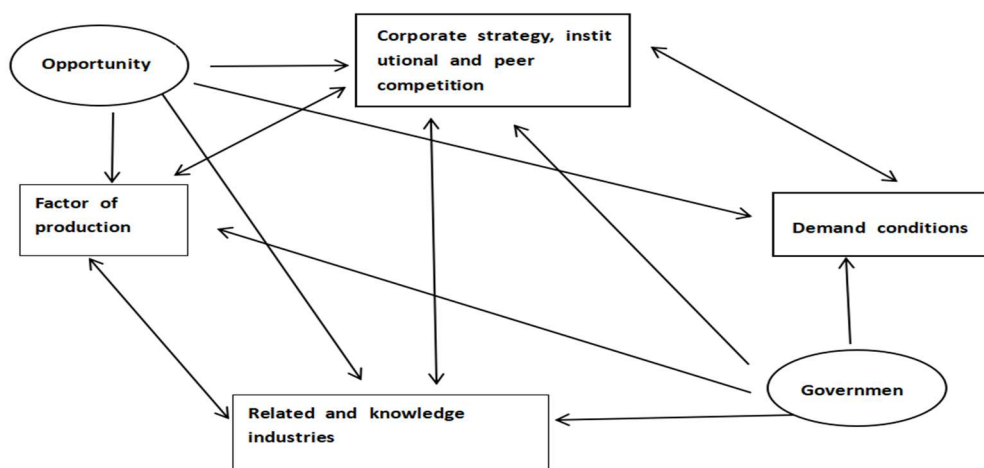


Figure 2. Schematic diagram of the diamond model

3. Overview of the Development of Cross-border E-commerce for Small and Medium-sized Enterprises in Shanghai

3.1. The Development Status of Cross-border E-commerce for Small and Medium-sized Enterprises in Shanghai

3.1.1. Overall Size

According to the China E-Commerce Report (2019) released by the Department of E-commerce and Information Technology of the Ministry of Commerce, in 2019, the total value of retail import and export goods through the customs cross-border e-commerce platform reached 186.21 billion yuan, a year-on-year increase of 38.3%. From January to July 2020, the cross-border e-commerce transaction volume in the Shanghai bonded area reached 2.21 billion yuan, a year-on-year increase of 58.2%, accounting for 57.1% of the city's cross-border e-commerce transaction value. According to the data released by the Shanghai Municipal Commission of Commerce, in 2020, 2.45 billion import and export lists were inspected and released through the customs cross-border e-commerce management platform, a year-on-year increase of 63.3%. From the above data, it can be seen that the overall scale of cross-border e-commerce in Shanghai has been expanding, and the growth momentum is strong, and the growth rate exceeds the overall growth rate of the country. However, the "2017 China Urban Cross-border E-commerce Development Report" released by the E-commerce Research Center shows that in terms of cross-border e-commerce turnover, Shanghai's total transaction volume in the country accounts for less than 3%, and Shenzhen, Guangzhou, Hangzhou and other cities account for half of China's cross-border e-commerce market. Shanghai is not weaker than these top-ranked cities in terms of overall development level, and Shanghai needs to find its own shortcomings, change the original situation, and explore new opportunities.

3.1.2. Market Distribution

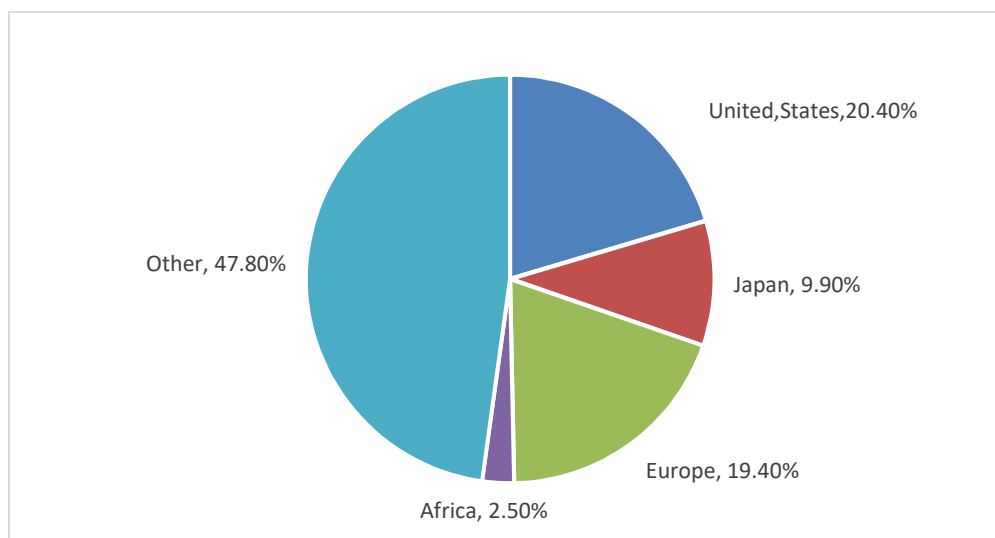


Figure 3. Shanghai's total exports by country (region) in 2019

Source: Shanghai Statistical Yearbook

As shown in Figure 3, the main markets for Shanghai's cross-border e-commerce exports include the United States, Europe, and the markets in Asia are mainly concentrated in Japan, South Korea, Singapore and other countries. From the perspective of the country alone, the United States occupies nearly 20% of the market ranked first, far greater than Japan, which ranks second, in recent years, Sino-US trade frictions have been ongoing, the United States is constantly restricting China's exports, in this situation, Chinese enterprises should optimize the

multi-country layout of the international supply chain, hedging the supply chain risk caused by excessive concentration in a single country.

3.1.3. Types of Enterprises in Shanghai for SME Cross-border E-commerce

Among the cross-border e-commerce retail import and export commodities of small and medium-sized enterprises in Shanghai, traditional manufacturing goods are still popular, including cosmetics, home furnishings, nutrition and health care, and fashion clothing. The main reasons are as follows: first, the lack of innovation, the limitation of funds and talents makes small and medium-sized enterprises lack the motivation and ability to innovate; Second, most of the main export commodities are small profits and quick turnover, and the main source of profits is sales; Third, the foreign trade activities before this kind of goods have accumulated a considerable number of customers in the world. In addition to the traditional manufacturing industry, Shanghai's consumer electronics industry accounts for an increasing proportion of its industry, and consumer electronics products have great potential in the field of cross-border e-commerce.

3.1.4. Policy Support

Table 1. Policy support provided by the Shanghai Municipal Government for cross-border e-commerce

Released	policy	Document number	Main content:
April21, 2021	Circular of the Ministry of Commerce on Printing and Distributing the Overall Plan for the Comprehensive Pilot Program for the Expansion and Opening-up of Shanghai's Service Industry	Shang Zi Fa No. 63 of 2021	Build a Hong qiao digital trade cross-border service cluster
May 8, 2021	Notice on the issuance of the "Work Plan for the Construction of Hongqiao Business District as a Demonstration Zone for Import Trade Promotion and Innovation".	Shanghai Trade Development [2021] No. 124	encourage the construction of cross-border e-commerce demonstration parks; Support the exploration of pilot cross-border e-commerce offline experience stores
September22, 2021	Opinion on the implementation of the city's efforts to accelerate the development of new forms and models of foreign trade	Hu Fu Ban Fa [2021] No. 25	Promote cross-border e-commerce system innovation: Cultivate local overseas warehouse enterprises: encourage innovation in trade financial services
December29, 2021	In 2022, Shanghai Port will take several measures to deepen the reform of the cross-border trade business environment	Shanghai Commercial Free Trade [2021] No. 335	Support the construction of cross-border e-commerce retail import return center warehouse

Table 1 shows some of Shanghai's cross-border e-commerce policies in 2021, which shows that Shanghai has closely focused on the national innovation-driven development strategy, giving full play to the innovation and reform advantages of the pilot free trade zone and the advantages of Shanghai port, and vigorously supporting the innovation of cross-border e-commerce system, management and services. The municipal government actively improves the logistics system and public service platform, encourages the innovation of cross-border e-commerce forms, and makes the city's cross-border e-commerce industry chain comprehensive.

3.2. Problems Faced by Small and Medium-sized Enterprises in Shanghai Cross-border E-commerce

3.2.1. Real Estate Resources are Limited

Shanghai's real estate resources are limited, and many enterprises are faced with limited resources, which will inevitably cause fierce competition and raise costs. Through the existing survey data, it is found that the high-cost real estate resources in Shanghai have greatly hindered the development of cross-border e-commerce of small and medium-sized companies.

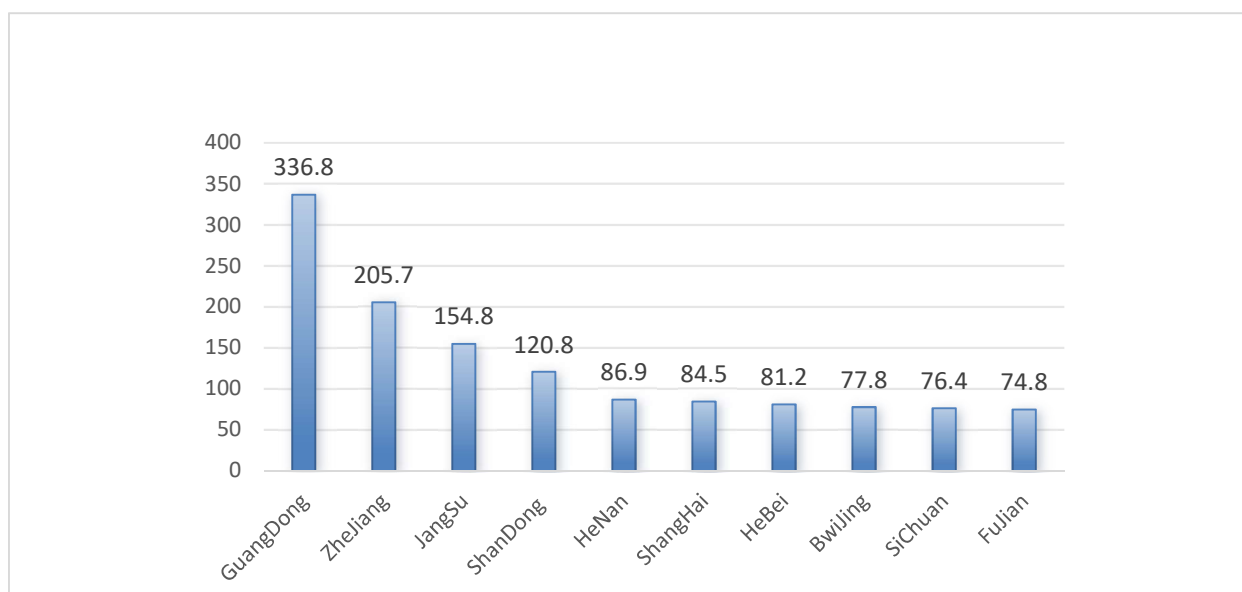


Figure 4. Top 10 local online retail stores in 2019

Data source: business big data

Figure 4 visually illustrates the consequences of Shanghai's high value of real estate resources, among which Guangdong and Zhejiang, which have the highest number of online retail stores, occupy a large proportion of the cross-border e-commerce industry. Small and medium-sized enterprises, especially small enterprises, in many large enterprises fiercely compete for resources at the same time, it is very difficult to reuse some high-quality resources, the cost required is very high, so that the emerging small and medium-sized enterprises want to survive, do not necessarily have to be attached to the land of Shanghai, in the surrounding Jiangsu and Zhejiang regions to find a low-cost way out is also a good choice.

3.2.2. Comparative Advantage Decreases

As the domestic economic situation is getting better and better, other cities in the country are developing rapidly to catch up with Shanghai, and now the proportion of first-hand resources enjoyed by Shanghai is far less than that in the early stage of reform and opening up, many cities in China, such as Yiwu, Zhengzhou and other places have developed a lot of new bonded warehouses, and the facilities of these cities can basically catch up with Shanghai, therefore, Shanghai's comparative advantage over these places in terms of price and cost will be significantly reduced. In the early stage of Xiaohongshu's development, for example, Xiaohongshu was headquartered in Shanghai, but it chose to set up two bonded warehouses in Shenzhen and Zhengzhou, which is enough to show that the relative advantages of Shanghai's cross-border e-commerce compared with other cities are no longer as obvious as in the early stage of reform and opening up. From this point of view, if small and medium-sized enterprises in Shanghai are facing some similar cost problems, they can also learn from this practice and choose other cities in China to save costs.

3.2.3. There is a Lack of Planning for the Platform's Operating Model

Many enterprises are in a hurry to open accounts on some large-scale platforms after they have just come into contact with cross-border e-commerce, but they only regard cross-border e-commerce platforms as one of the channels for foreign trade, and lack of long-term planning will cause a waste of cost resources. Enterprises should judge the competitiveness of their products in the international market according to their own business conditions, understand the policies, cultural customs, consumption preferences and other aspects of domestic and foreign markets, and do a good job in market segmentation, so as to formulate long-term plans for the development of cross-border e-commerce. It is also necessary to plan well in the specific operation process, and small and medium-sized enterprises are accustomed to releasing their products to the store in full and implementing the Red Sea strategy. In the selection of products, you must learn to highlight your product advantages, otherwise you will waste the exposure opportunity of the platform. If there is a mismatch in the description or the sale of fake goods in the process of operation, it will also cause returns, and the return cost of cross-border e-commerce is much greater than our usual online shopping, so it is very important for small and medium-sized enterprises to do a good job in the planning of model selection and specific business planning.

3.2.4. Digital Development is Unbalanced, and the Synergy Effect of the Industrial Chain is Low

At present, digital technologies represented by big data and artificial intelligence are profoundly affecting and changing all aspects of the economy and daily life, and the digital economy has become a powerful force to promote economic progress. Industrial digitalization can improve the output and production efficiency of traditional industries, and the digitalization process of Shanghai's manufacturing industry has shown the characteristics of changing from large enterprises to small and medium-sized enterprises. However, some survey results show that some small and medium-sized enterprises in Shanghai do not have a high degree of informatization, and the network foundation is relatively weak. In the face of many obstacles and pressures such as information technology and capital, most enterprises are aware of the transformation, but there is a lack of clear strategic planning and implementation paths, which will make it difficult to coordinate businesses between the industrial chain

4. Analysis of the Operation Mode of Cross-border E-commerce Platform for Small and Medium-sized Enterprises

4.1. The Main Model of Cross-border E-commerce

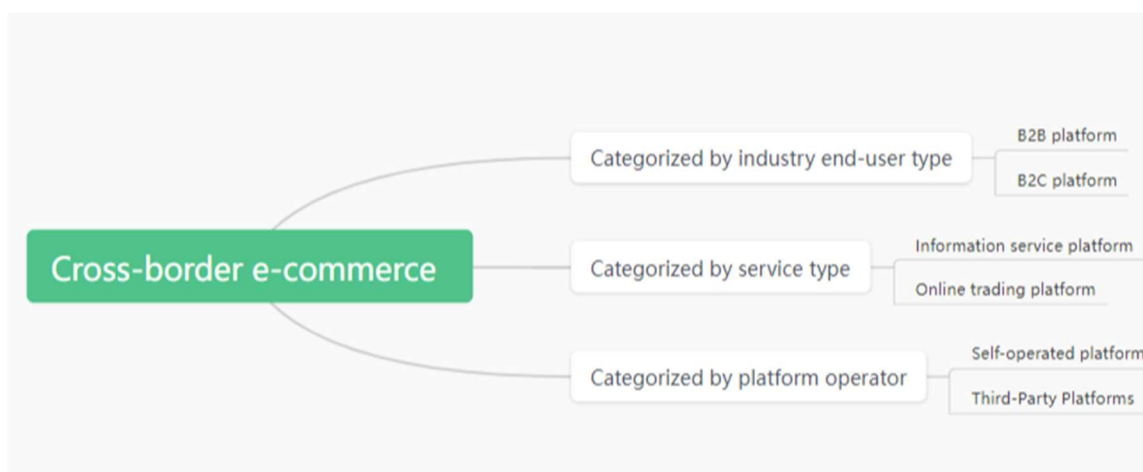


Figure 5. Classification of cross-border e-commerce

Zheng Zhuo (2021) divided cross-border e-commerce into six modes according to three different perspectives: industry end-user type, service type, and platform operator, and integrated the classification results as shown in Figure 5. Based on the above classification results and the characteristics of cross-border e-commerce enterprises in Shanghai, this paper mainly analyzes the following four cross-border e-commerce platform operation models.

4.1.1. Self-operated Platform Model

The self-operated platform model is a platform established by enterprises with fixed procedures, including the entire cross-border e-commerce process including commodity procurement, online release, transaction payment, logistics and distribution, and after-sales. The model is very autonomous. For example, we are familiar with the Jingdong self-operated system. Jingdong purchases goods and stores them in warehouses across the country. After a user places an order, select the nearest warehouse according to the address and use Jingdong logistics distribution. Compared with Taobao's C2C model, on the one hand, the mall ensures the quality of goods. On the other hand, self-built logistics improves the speed of transportation. The initial capital investment in the operation of the self-operated mode is large, and after there is flow, it is convenient for the connection and cost savings between various links in the supply chain, so as to improve the efficiency of the transaction, but the investment required is high, which is suitable for large enterprises with certain resources. Jumei is a representative case of the self-operated platform model, through the business model of overseas direct mail + bonded stocking, frequent promotional activities and entertainment marketing drainage.

4.1.2. Cross-border Service Provider Model

Cross-border service providers refer to the provision of auxiliary activities such as logistics, commodity quality management, and overseas warehousing support for enterprises participating in international trade. As the country's supervision of cross-border e-commerce becomes more and more perfect, if small and medium-sized enterprises do not have a timely or comprehensive understanding of the relevant support or restriction policies, the long-term use of postal transportation, and the lack of tax management, will inevitably increase costs. In order to solve this problem, experienced large-scale cross-border e-commerce enterprises in various places have begun to set up cross-border service platforms to carry out various customs clearance businesses and solve the difficulties in the chain for small and medium-sized enterprises. AliExpress, a subsidiary of Alibaba Group, is a typical space service provider platform that provides these services to enterprises.

4.1.3. Third-party Platform Model

The third-party platform model is for cross-border e-commerce exports. It means that small and medium-sized enterprises with high-quality products can sell products on third-party platforms, and small and medium-sized enterprises are positioned as product suppliers in this model. In the upstream of the entire industrial chain, the enterprise provides its own information to the platform, and the buyer obtains the supply information through the platform, and after reaching a transaction agreement, the platform makes a profit by extracting some intermediate fees. As an intermediary, the third-party platform gains the trust of enterprises through its perfect information resources, because the cost of using the third-party platform is low, and its participants are mostly small and medium-sized enterprises, and the market level targeted by different third-party cross-border e-commerce platforms is different. According to different customer groups, cross-border platforms can be divided into B2B, B2C, C2C and other forms, among which B2B is the form with the longest history and the largest transaction volume, which can bring considerable benefits to small and medium-sized enterprises. For example, Alibaba International Station is the most trafficked B2B website in China, which can provide enterprises with value-added services such as store decoration, testing and certification.

4.1.4. Industrial Park Model

The industrial park refers to the government-driven enterprise connection to form a cluster industrial park, which jointly uses warehousing and collection, collaborative logistics, supervision, etc. The industrial park can enjoy preferential services in foreign exchange settlement, tax refund, fast customs clearance, etc. Hangzhou cross-border trade e-commerce industrial park is the first in China, its development speed is very fast, has been "2015 Top Ten Cross-border E-commerce Brands" by the magazine "Zheshang", the introduction of a number of well-known large enterprises including Tmall Global, Suning Tesco, NetEase, etc. At present, there are 10 bonded zones in Shanghai, and relevant national and local policies are also actively supporting the development of national cross-border e-commerce pilot zones. The core value creation of the industrial park model lies in the fact that it unites high-quality cross-border enterprises through the government to achieve a cluster effect, which enables the enterprises in the industrial park to integrate the process, and the result is to simplify the process while reducing their respective costs.

4.2. Comparison of the Four Modes

4.2.1. Features of the Four Modes

Table 2. Comparison of the characteristics of the four cross-border e-commerce models

mode	Mode of operation	Funding requirements	Value creation	Difficulty of comprehensive management (1-10)
Self-operated platform	Self-employed	high	Sales	10
Cross-border service providers	Provision of Services	high	Lock in customers	8
Third-Party Platforms	Agency	low	Sales	3
Industrial Park	Self-employed	middle	Sales + cost savings	5

A simple comparison of the four cross-border e-commerce platform operation models mentioned above is summarized, and the results are summarized in Table 2

4.2.2. Analysis of the Advantages and Disadvantages of the Four Modes

Table 3. compares the advantages and disadvantages of the four types of cross-border e-commerce models

mode	advantage	inferior position
Self-operated platform	High autonomy; It can provide users with more and better experiences	High requirements for enterprise resources; The upfront investment is large and the risk is high
Cross-border service providers	The demand market is extensive; It is currently a "blue ocean" market	high barriers to market access; The resources and time that need to be invested are demanding; Some specialized cross-border services require extensive experience
Third-Party Platforms	saving resources and costs; Selective	insufficient confidentiality of customer information; It will cause serious problems of product homogenization
Industrial Park	cost savings; Enjoy preferential policies; High-quality cross-border e-commerce enterprises can exchange experiences and promote innovation	The qualification requirements for enterprises to settle in are high

Self-operated platform model.

High autonomy is the biggest advantage of the self-operated platform model. Enterprises can grasp all aspects of the target market according to their actual situation, and adjust the entire supply chain in combination with market changes. If you need to absorb funds, you can also attract investment to settle on the platform, which can enrich product categories, expand internal advantages, and provide a better user experience.

The biggest disadvantage of self-built malls is high risk. The benefits of this model are naturally the largest, but the initial stage of self-built malls requires a lot of capital and manpower, and

will face the problem of low customer trust, which requires investment in advertising funds to promote and drainage, and a large amount of capital investment is also accompanied by the uncertainty of income, in general, it is the coexistence of high returns and high risks.

Cross-border service provider model.

The advantage of cross-border service providers is that they have a wide range of demand markets. With the increase in the number of enterprises using cross-border service providers in the market, the demand for these ancillary services will continue to expand. There are also national policies that support this aspect, so it can be said that providing cross-border e-commerce services is a "blue ocean" market. In addition, cross-border service providers can consider settling in the cross-border e-commerce industrial park, which has a large demand market and can enjoy preferential policies in the park.

Cross-border service providers have a high barrier to market entry. The amount of resources and time required is very large, and it is difficult for SMEs to do so. Some cross-border e-commerce professional service providers require government intervention, while other professional cross-border services require enterprises with rich logistics and financial experience, which is more difficult for SMEs.

Third-party platform model.

The biggest advantage of the third-party platform model is to save resources and costs, which is exactly what small and medium-sized enterprises need, and cross-border e-commerce platforms are diverse, each platform has its own characteristics, and the selectivity is strong, and enterprises can choose the platform to settle in. In addition, the third-party platform can speed up the export tax rebate of enterprises, ensure the safety of product funds, optimize business operations, etc., which can bring competitive advantages to enterprises using the platform.

The disadvantage of the third-party platform model is the lack of confidentiality of enterprise customer information, and the third party can easily obtain cross-border enterprise big data, which is not conducive to the formation and maintenance of enterprise customers. Another disadvantage is that there are more merchants on the platform, which will cause serious problems of product homogeneity and it is difficult to highlight competitive advantages.

Industrial park model.

The biggest advantage of the cluster industrial park is to help the enterprises in the park achieve cost savings. In the industrial park, many enterprises use logistics and collection warehouses together to achieve large-scale customs clearance, which can produce economies of scale, so that the participating enterprises can enjoy the benefits of reduced logistics and transportation costs and warehouse storage costs. The government's policies have also been supporting the industrial park, such as special financial support for cross-border e-commerce, business incentives and other preferential policies have improved the competitiveness of the industrial park. In addition, another benefit of the industrial park is that a number of high-quality cross-border e-commerce enterprises in the park can exchange experiences, promote innovation and seek common development.

The government hopes to quickly improve the cross-border e-commerce capabilities of enterprises by supporting industrial agglomeration and form a leading role, so the requirements for the qualifications of enterprises will be relatively high, and only qualified enterprises can settle in the cross-border e-commerce industrial park; However, many small and medium-sized enterprises have a low starting point, and the biggest difficulty they face is the shortage of funds and resources, and they need the cluster effect of industrial parks to improve their competitiveness. Therefore, it is a contradiction for many small and medium-sized enterprises.

5. Suggestions on Optimizing the Cross-border E-commerce Operation Model of Small and Medium-sized Enterprises in Shanghai

5.1. Recommendations for SMEs to Choose a Model

Through the comparative analysis of the four models, it can be known that the self-built mall and the cross-border service provider model have high capital requirements, especially the self-operated platform model, which requires a large amount of capital investment to build the platform and promote it in the early stage. Therefore, these two models are not suitable for SMEs with limited funds. The third-party platform intervention model does not have high requirements for the capital and technology of the enterprise, and the small and medium-sized enterprises can apply the model within the scope of their capabilities. The industrial park model is also suitable for the needs of small and medium-sized enterprises, in which small and medium-sized enterprises can not only "ride" to save resource costs, but also learn experience and technology from high-quality enterprises. The choice of model is not either/or, and other models suitable for the enterprise can be carried out while carrying out the industrial park model. Based on the situation of small and medium-sized enterprises and the characteristics of various models of cross-border e-commerce, small and medium-sized enterprises in Shanghai can choose the cross-border e-commerce model as a third-party platform and industrial park model, and it is recommended that small and medium-sized enterprises can try on the third-party platform in the initial development.

5.1.1. Recommendations on Third-party Platform Models

Different platforms have their own characteristics, have different rules, and the specific business methods of the enterprises on the platform are also different. Enterprises should not only choose a model that meets their own capabilities, but also take a long-term view, consider whether they need it now or in the future, and must not be confused by the superior conditions of third-party intermediary platforms. The vertical platform has a single product category, which will increase the intensity of competition between enterprises; There are many types of products on comprehensive platforms, and the pricing of products should be adjusted according to the characteristics of the platform and product segmentation. In addition, enterprises should pay attention to the localization of stores, including payment, logistics, promotional activities, etc., and understand the preferences of consumers in the target market in these aspects in advance, for example: users in France are accustomed to credit card payment, and consumers in India and some Asian countries prefer cash on delivery.

5.1.2. Suggestions on the Industrial Park Model

For the industrial park entry threshold for small and medium-sized enterprises is very high, the government should pay attention to these potential, but the paper requirements can not meet the standards of small and medium-sized enterprises, at the beginning of the potential stock enterprises can be appropriately relaxed requirements, open to settle in first, and then set up a target assessment mechanism, if the later assessment standards can continue to enjoy preferential conditions in the park, industry associations can also lead potential small and medium-sized enterprises to jointly achieve the industrial park. Such an approach may not see a return in the short term, but in the long run, it will help the entire industrial park optimize resource allocation and strengthen the advantages of industrial clusters.

5.2. General Recommendations

5.2.1. Combined with its Own Situation, Formulate a Cross-border E-commerce Development Strategy

People cherish the high cost of land. If small and medium-sized cross-border e-commerce enterprises are located in Shanghai, they can learn from Xiaohongshu's practice and choose the

base of bonded warehouses in inland central cities in the early stage of lack of funds. When conducting cross-border e-commerce business, small and medium-sized enterprises should formulate different plans and strategies at different stages according to the development of their own situation. In the initial stage, of course, we have to consider the cost, choose the right target market and transnational business model, and continue to innovate in the follow-up operation in order to withstand the long-term test.

Small and medium-sized enterprises should actively get close to the relevant preferential policies of the government and strengthen exchanges with relevant industry organizations. In recent years, due to the impact of the epidemic and the downturn in the overall economic situation of the world, the state and the Shanghai Municipal Government have new policies to help cross-border e-commerce enterprises in order to restore economic vitality. In addition, strengthening communication with international platforms can promote the improvement of the performance of relevant industries, the innovation and promotion of brand design. Small and medium-sized cross-border enterprises should strengthen cooperation with professional institutions and universities to promote the coordinated development of industries, schools and scientific research institutions, which can accelerate the upgrading and development of enterprises.

5.2.2. Cultivate Core Competitiveness and Build Independent Brands

Small and medium-sized enterprises should cultivate their own core competitiveness, increase investment in technology research and development in terms of products, and it is best to establish their own brands and reduce the imitation of products. The brand cultivation of small and medium-sized enterprises can start with low-cost but innovatively designed products, then retain customers to improve quality, and then strengthen brand promotion. Whether the brand has a strong influence in the international market has a great impact on the profits of small and medium-sized foreign trade enterprises, because the brand symbolizes high added value and can create greater profit space. Just like many consumers usually search for the name of the brand when shopping online, it is enough to see the status and influence of the brand in the hearts of consumers. Then small and medium-sized foreign trade enterprises need to maintain a good brand image when selling products, and attract and retain consumers with good quality products and after-sales service.

5.2.3. Pay Attention to High-quality Talents for Cross-border E-commerce

Shanghai has abundant resources and high level of higher education, and small and medium-sized enterprises should pay attention to attracting high-quality talents for cross-border e-commerce. You can try the school-enterprise cooperation method to carry out targeted training for cross-border e-commerce talents. Enterprises can provide cross-border e-commerce platforms and internship opportunities for colleges and universities to improve students' knowledge monetization capabilities. High-quality talents can help enterprises set up cross-border e-commerce teams, which is conducive to timely insight into changes in the domestic and foreign policy environment, timely follow-up of domestic and foreign market demand and product replacement, and inject innovative factors into enterprises.

5.2.4. The Government has Stepped up its Support

Efforts will be made to promote economic and trade cooperation along the Belt and Road.

Accelerate the cultivation of local multinational companies, encourage small and medium-sized enterprises to focus on key industries to carry out mergers and acquisitions, and optimize the "going out" service guarantee system. Support the construction of the "Silk Road E-commerce" cooperation and exchange leading area in Pudong New Area, and promote the acceleration of the implementation of key projects.

Optimize the product structure of cross-border e-commerce.

At present, the industrial structure of Shanghai is changing, the proportion of the secondary industry is decreasing and the tertiary industry is developing rapidly, based on this, it is necessary to optimize the product structure of cross-border e-commerce, guide small and medium-sized enterprises to participate in cross-border industries with high added value through preferential policies, and reduce the proportion of traditional manufacturing goods in cross-border e-commerce import and export goods.

Create a space for innovation.

Government departments should strengthen overall planning for the construction of digital infrastructure industry ecological platforms and the introduction of talents, accelerate the formation of new mechanisms to empower digital transformation and help the digital economy, and promote digital services to better match the needs of enterprises.

Strengthen cluster cooperation.

Explore and cultivate emerging industrial clusters with competitive potential, and strive to build leading enterprises with core competitiveness in emerging industrial clusters. On this basis, we should strengthen the ability of professional cooperation, give full play to the leading role of these enterprises, and drive the related industries in the surrounding industrial chain.

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