RESEARCH ON TRANSPORTATION BUSINESS DEVELOPMENT OF HITPOUND INTERNATIONAL LOGISTICS COMPANY IN CROSS-BORDER E-COMMERCE ENVIRONMENT

Hongwei Zhang
Siam University, Bangkok, Thailand

Based on the theory of cross-border e-commerce and using traditional strategic management theories as a tool, this paper presents a case study of a cross-border e-commerce enterprise, focusing on "Research on the development strategy of cross-border e-commerce based on Hitpound experience. Based on PEST and SWOT models, the external environment and internal conditions, the competitive advantages and disadvantages, and the opportunities and challenges faced by the cross-border e-commerce company are analyzed, and a suitable development strategy for the cross-border e-commerce company is proposed to standardize business processes, improve the company's performance and achieve a higher market share, thereby enhancing its core competitiveness. The thesis argues that the thesis argues that Hitpound needs to continue to strengthen the expansion and exploration of its three main segments, namely logistics, merchandise, and IT systems, and to make these three areas its core competencies to become a leader in the industry.

Keywords: cross-border electronic commerce; cross-border logistics; 4Cs marketing theory; SWOT theory

Introduction

Research background
Since entering the new century, China's e-commerce industry has fully developed growth, domestic e-commerce has started from scratch, and now several major e-commerce platforms have grown into tens of billions, hundreds of billions of emerging enterprises, and online shopping has fundamentally changed people's current consumption concepts and habits, in the rapid development of domestic e-commerce at the same time, the development of small and medium-sized enterprises and other issues have also been widely concerned about the community (Bai, 2015).

In the rapid development of domestic e-commerce, issues such as the development of small and medium-sized enterprises have also received wide attention from society.

Hongwei Zhang
Researcher, Graduate school, Siam University, Bangkok, Thailand
Research interests: business administration, logistic, business regulation, Governance
E-mail: zhw172008@126.com
In the context of the e-commerce industry becoming a strategic new industry, online transactions go beyond the borders and dock with the world's e-commerce network to form a new form of foreign trade – online foreign trade, which is the cross-border e-commerce industry referred to in this paper, has also become the next big trend of development as a matter of course (Wu, 2015).

The e-commerce industry is undergoing a huge transformation, and at the same time, e-commerce has also made the entire traditional economy undergo radical changes.

The new e-commerce trading platform already has powerful integration functions, which not only transfer the traditional overseas promotion, transaction support, logistics and transportation, after-sales service, credit management, customer service, and many other links to the Internet but also make use of the special advantages of the Internet to improve these links and make them more humane and convenient from the perspective of enhancing customer experience (Dong et al., 2015). It is this comprehensive advantage of cross-border e-commerce that has enabled it to emerge as a bright spot.

**The objective of the study**

1. To analyze the reasons for the rapid development of cross-border e-commerce business in China.
2. To study the impact of the development of cross-border e-commerce business in China on China's logistics industry and find out the development needs of the cross-border logistics business.
3. To develop the cross-border logistics business in China.

**Scope of the study**

Based on the cross-border e-commerce theory, this paper uses the traditional strategic management theory analysis method as a tool to carry out a case study of Hitpound cross-border e-commerce Company.

The competitive advantages and disadvantages of the enterprise, the opportunities and challenges it faces are analyzed and summarized, to formulate a development strategy suitable for Hitpound cross-border e-commerce enterprises.

**Research significance**

The significance of this paper is to conduct some research on the environment and trends of cross-border e-commerce business development and to study what opportunities and challenges this change will bring to express logistics enterprises, and what strategies our express logistics enterprises should adopt to cope with these opportunities and challenges.

As the leader of the domestic express logistics industry, Postal Express Logistics must give full play to its advantages, understand the market situation and development dynamics, recognize its strengths and weaknesses, seize the opportunity to formulate development strategies to adapt to the new situation and build up its competitive advantages under the rapid development of cross-border e-commerce, and to be invincible in the future competition of the world express logistics market.
Literature review

Boyson et al. (1999) report pointed out that "the important form of cross-border logistics distribution is the logistics distribution of third-party enterprises. How to effectively supervise and monitor the transnational logistics distribution of third-party enterprises is crucial for the rapid development of cross-border e-commerce".

Wang et al. (2013) pointed out in the domestic cross-border import transaction e-commerce survey that "the vigorous development of domestic cross-border e-commerce is standing on the cornerstone of China's traditional transnational international trade, and the support of government departments has promoted the development of transnational e-commerce. However, it is also faced with the shortage of comprehensive personnel, electronic payment risks, the logistics service industry needs to flourish, and other major aspects of the practical questions".

According to the analysis of case data, Yang & Yu (2014) pointed out that "if domestic cross-border e-commerce is widely applied, appropriate third-party channels must be selected to be effectively promoted. At the same time, improve the self-management level of foreign trade enterprises. The government should also improve legislation to create a good atmosphere for cross-border e-commerce, and actively encourage and guide the growth of foreign trade enterprises".

Ji & Zhang (2015) research, "at present China's cross-border e-commerce overall scale is growing rapidly, small and medium-sized enterprises and commodity concentration, and logistics and trading related system, but there are still many challenges, such as transnational logistics development backward, infringement of foreign patents, the sun rebates, foreign exchange settlement, and other related practical issues need to improve, only perfect and progress, to ensure China's cross-border electricity order good vigorous development".

Cao & Li (2013), and others believe in the third-party logistics model of cross-border e-commerce that "logistics distribution is the key to cross-border e-commerce, which is also related to the improvement of the quality and value of cross-border e-commerce.

Based on the analysis of the current development status of China's logistics distribution mode, it is pointed out that the current logistics distribution construction system still needs to be improved, but the comprehensive management level is not strong, and the degree of information still needs to be improved. In the face of the above situation, he proposed that China will study a new management mode of transnational third-party Taobao, further improve the quality of service, and help multinational Taobao to further develop and grow".

Xia (2014) analysis pointed out that "the current small multinational Taobao generally has foreign small bags, B2C foreign trade enterprises joint collection, international logistics enterprises warehouse collection and other forms.

Therefore, in the selection of logistics mode, multinational Taobao e-commerce we western medicine fully consider the price, efficiency, seller in the country, and many other factors, compare the benefits of various logistics distribution forms, to hang the most suitable domestic small and medium-sized enterprises, save production costs, improve economic benefits".
This paper first makes a more comprehensive elaboration and analysis of the cross-border e-commerce industry in which Hitpound is located and classifies two different business forms. Then it expounds the background and development process of Hitpound Company and extends the development problem that Hitpound Company is facing now, which is the problem to be solved after the strategic analysis in this paper.

Apply the PEST model to research and analyze the macro environment, competitive environment, external opportunities and challenges, and internal advantages and disadvantages of the market where Hitpound is located. Strategic matching is carried out through the SWOT matrix, and based on this; Hitpound's executable alternative strategies are formulated. Then further analyze the alternative strategies to determine the strategic planning of Hitpound.

This paper focuses on the environment, reasons, trends, and characteristics of the rapid development of cross-border e-commerce business in China, as well as the far-reaching impact of its development on the courier and logistics industry.

From these analyses, this paper chooses to use a documentary research methodology. The focus of this paper is on the advantages, disadvantages, opportunities, and threats of the postal courier and logistics companies in the new environment, and what development strategies they must make to adapt to the new environment.

**Finding and conclusion**

**SWOT analysis**

Strengths: Hitpound International Logistics Company is a professional third-party transportation company that specializes in international goods transportation agency services.

The company has a vast geographical network with more than 500 branches across 100 cities globally, covering every port city in the world. Hitpound has developed significantly in various shipping fields, including maritime transportation, aviation, railway, sea-air, and sea-
rail combined transportation, and has a considerable market share in the Ningbo market. Hitpound International Logistics Company has strong technical strength and a robust network foundation. It can undertake aviation, shipping, multimodal transport services, and provide value-added services such as warehousing, storage, care, package, and customs clearance. The company also has a complete system and software that allows customers to check the status of logistics development at any time.

Hitpound has special advantages for regular flights from European and American countries and important flights from the Middle East, Southeast Asia, Africa, and the United States. The company has a significant price advantage due to its perennial cooperation with large enterprises and airlines worldwide.

Weaknesses: the container transportation business has become more competitive, leading to lower freight rates and reduced profits for foreign transportation agencies. Logistics enterprises rely on shipping companies, but with the lack of ship capacity, the bargaining power of logistics companies is weak. Shipping companies are now expanding their profit scope by offering overseas logistics agency services, competing with logistics companies for customers. Hitpound International Logistics Company specializes in sea-air transportation, with most of their offices located in port and airport areas. However, the shipping and aviation industries face obstacles, including intense price competition and direct engagement in logistics services, limiting overall growth for Hitpound.

Opportunities: China's modern logistics services are being built under a unified, fair, and effective legal system. The country has established a modern logistics distribution work intermenstrual meeting chaired by the National Development and Reform Commission to promote the growth of national logistics distribution services. With the deepening of China’s market economy; rising GDP, improving quality of life, increasing disposable income, and development of the internet, more people are turning to online shopping. This shift in consumer behavior has led to the development of e-commerce and, in turn, has driven the growth of logistics services.

Threats: due to the outbreak, as the Chinese government's policy on the international logistics agency industry is softened, it is equivalent to greatly reducing the market entry threshold for foreign logistics business, so more small and medium-sized international logistics agencies have sprung up one after another. At the same time, the demand for foreign logistics agencies is getting higher and higher. There is a need for good quality and cheap products. A high level of services is also required. The company is to survive if the prices are lowered while bursting our business. So the market value of international logistics is also quite close to the cost. That is why some enterprises in order to achieve the number of indicators, have disrupted the market economy.

**PEST Analysis**

Political: the government aims to create a new situation of high-level opening to the outside world, emphasizing the need to promote the upgrading of exports and the balanced development of trade. Policies to stabilize and improve export policies, accelerate customs clearance reform, and expand cross-border e-commerce pilot work are emphasized.

The government has made great breakthroughs in cross-border e-commerce policies and pilot projects, showing its strong support for its development to drive high-level foreign trade exports. The government will continue to support cross-border e-commerce in various aspects, making it a good time for the vigorous development of this business.
Economic: China's economy has relied heavily on exports to maintain high growth rates for three decades, but the 2008 financial crisis caused a sharp decline in export volume and value. With China's internal consumption still developing, the economy faced great pressure. However, the demand for Chinese products still exists, and cross-border e-commerce has emerged as a new "export" model that benefits both producers and consumers. Since the financial crisis, the cross-border e-commerce industry has grown significantly, becoming a new engine to support export growth, with revenue exceeding 200 billion RMB in 2012.

Social: the development of cross-border e-commerce has changed people's consumption habits and behaviors, bringing the world closer and allowing for easier access to exotic goods. The lowered threshold for import/export trade has allowed more ordinary people to sell products globally, creating a low-cost and efficient international marketing channel that benefits SMEs and individuals. This has led to increased employment and social support for the cross-border e-commerce business model.

Technology: the development of e-commerce technology started in developed countries, but China's status as a major import and export country and the world's factory made it an ideal environment for e-commerce development. Domestic e-commerce rapidly developed in the new century with leading platforms like Taobao and Jindong, requiring complex technical systems to support the trading, payment, service, and logistics processes. Developed countries like the US and UK provided technical support for cross-border e-commerce, including large-scale trading platforms and reliable global payment systems. PEST analysis showed that China has favorable conditions for cross-border e-commerce development, and the challenge is to find the right strategy.

Hitpound international logistics company as a traditional logistics representative enterprise, although the current enterprise management also entered the primary stage of more perfect, but as the international trade situation fade, the total volume, combined with other types of companies to join, cause the enterprise facing the competition is increasing, decreasing profitability, but the customer demand continues to increase, the enterprise benefit continues to rise. Difficulties encountered in business operation.

It is mainly reflected in:

1. Lack of management mechanism of the international freight transport market
   Government departments have no systematic regulatory norms for the international logistics business. The continuous promulgation of various regulations makes the international logistics agency business fall into chaos. Each agency has formulated different policies and regulations according to its own actual needs. You can even formulate policies and regulations without conducting internal research, for example, the business tax with a value-added tax. Later, it was not suitable for the international logistics company operation and changed back.

   Another example is the transportation Bureau's weight restrictions leading up to a general strike on vehicles. This has led to Hitpound International Logistics Company's long run in a chaotic external environment. Various problems and contradictions will often appear in the process of operation.

2. Fierce business competition, frequent vicious competition
   The overall degree of competition in the international freight forwarding business is relatively high, and the operation of the international freight forwarding industry is relatively simple, resulting in many real estate properties not owned by transport agents, such as
shipping companies, airlines, foreign trade enterprises involved in international freight forwarding operations. Industry competition between companies for customers, adopted a series of disorderly competition to suppress competitors, fixed assets and lower rates, high commissions, false invoices, inflated wages, etc. have seriously harmed the fair in commercial competition. In the face of such fierce competition, the international logistics company Hitpound only adopts the strategy of passive dumping at low prices and does not intend to develop logistics products with high added value and improved performance.

3. Monotonic service products, low customer satisfaction

The main activity of Hyder State International Logistics Company is special service for overseas branches, which is usually the so-called FOB service, which is booked directly to the shipping company in accordance with the instructions of overseas branches to earn booking commissions and additional commissions for card dragging, customs declaration, logistics and etc.

The maintenance mode is relatively simple. In addition, operators often perform one repetitive job every day, the work content is boring, the routine is fixed, and the volume of work tasks is very large, resulting in frequent overtime work, causing the after-sales service enterprise to be conscious of customers and even rely on the consignee or designated distribution enterprise for the consignor.

**Recommendation**

1. Build a cross-border e-commerce logistics platform.

To successfully carry out cross-border export package services in Yiwu, it is necessary to unify all imported cross-border warehousing services, and to establish a relatively complete cross-border e-commerce logistics system (Zeng & Liu, 2002).

For export package service, it must be docking the national postal savings bank of Chinayaoshan town branch and YanWen logistics tracking system, the Hitpound international logistics company obtained package information and their system, so not only can it facilitate payment for the freight with them, and the agent to pay the freight, and also help them track their package.

Regarding the function of overseas warehouse, also need to establish a logistics platform, the logistics platform of the logistics platform needs to put the user purchase foreign products shopping platform and customs, commodity inspection platform, using this platform, the user's order data, transaction data and personal data accurate import to the customs platform, by cross-border electricity goods agency price information from the platform, then through the EDI way to the customs for customs, in the customs system to accept the data, and then check the data, if no problem, for release processing, if there is a problem, temporarily withholding goods, and the information will be immediately reflected to the cross-border electricity logistics platform, and after the cross-border electricity import logistics agency will be able to according to the above information to carry out the next step, or be directly sent to the recipient, or withholding goods waiting for customs examination and approval (Zhang & Zhang, 2016).

We are currently using the international logistics management system, and the international logistics company is a third-party enterprise, which is a service platform designated by the General Administration of Customs. The system has been operated well so far, and there have been no serious failures.
2. Product Strategy

Now Hitpound international Logistics Company in YW city operates within five thousand cross-border packages a day, most of them are sent to China, some are sent to Brazil. We generally get the market price with a discount of 6.5 of the cost through China Yan Wen Post, and then the basic to the market price of 7-fold and 7.5 discount price to sell to small and medium-sized enterprises (Ye, 2015). The advantage of import and cross-border logistics policy is that the non-tax benefits they may receive under certain circumstances are determined by the fact that overseas warehouse fees are charged on a per-ticket basis. Multinational warehouse is the fixed warehouse rental cost of RMB 20 per month, plus the cost of property fees, office rental, company labor rental cost. Combined with the above cost and with social competitors, these are Hastate International Logistics company’s current multinational warehouse average charges.

The current warehouse is the largest user of Tmall international. The warehouse display presents the majority of products such as infant milk powder, diapers, health products and drinks, etc. The lower price per unit and the demand for more goods have proven that the rationality of the international political cognition in the state-owned international logistics company Heidi, and the users’ demand for overseas markets differ (Zhang & Qin, 2016).

The average daily order quantity of the warehouse is less than 5000, but during various promotional holidays such as Double Eleven, the number of orders increases sharply and can even reach hundreds of thousands of orders per day, which is also a challenge for the warehouse staff's work efficiency.

3. Service optimization strategy

International logistics company Sea de State is focused on optimizing its business to improve the quality of its services. They hope to differentiate themselves from the traditional price wars of express products and expand their international market while improving their company's reputation. To ensure quality service, the company has implemented a number of measures.

First, they strictly monitor the qualifications of their cardboard box suppliers to ensure that all products are packaged properly, and the quality of the cardboard box impacts the consumer's shopping experience.

Secondly, they streamline their workflow by providing standard training to warehouse staff, ensuring employees memorize SOPs, and strictly adhering to quality control measures.

Thirdly, they optimize the method of disposal of damaged goods and control the entire loading process using electronic video surveillance to protect the rights and interests of warehouse and logistics enterprises.

Finally, the company reviews the key performance indicators of its logistics joint ventures to evaluate their performance. The company is also implementing a KPI scoring system for all users, which includes several evaluation metrics such as one-time connection, packaging error rate, and customer service response dissemination. If any index is not met, the company will penalize Hitpound International Logistics.

In addition, the company conducts KPI assessments for all businesses and partners in order to improve service quality and user satisfaction. Overall, the company is committed to providing its customers with efficient service through attention to detail and strict quality control measures.
References:


*Paper submitted* 06 July 2023
*Paper accepted for publishing* 30 October 2023
*Paper revised* 12 February 2024
*Paper published online* 30 March 2024