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Analysis of the Main Influence Factors of E-Commerce Development
between China and Russia in the B2C Market

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## Abstract

Hu Guiyu. Analysis of the Main Influence Factors of E-Commerce Development between China and Russia in the B2C Market. – Chelyabinsk: SUSU, EU–204, 90 pages, 20 pictures, 15 tables, list of references – 36 names, 1 application,

In the implementation of Russia's Eastward Strategy and China Belt and Road Initiative construction process, China and Russia will establish closer economic and e-commerce as a new thing in China and Russia trade relations. In this paper, the goal is to determine the most important factor in the development of China to Russia B2C e-commerce market, and finding the targeted ways to overcome the main barriers and promoting the follow-up development of China and Russian B2C e-commerce market. This paper consists of four chapters. The chapter 1 are about current situation of e-commerce development between China and Russia and B2C basic theory of e-commerce. The chapter 2 are about the main influencing factors in the development of China to Russia B2C e-commerce trade. The chapter 3 are theories of research model, SWOT analysis of the Influence Factors in the development of China to Russia B2C e-commerce, and discussion on Russian customers and Chinese sellers survey results. The chapter 4 are about conclusion and strategic Recommendation on the results.

Key Word: B2C, E-Commerce, Influence Factor, China, Russia

ОГЛАВЛЕНИЕ

# INTRODUCTION

In the new domestic and international background, China and Russia economic and trade cooperation has entered a special development period. China and Russia are important strategic partner countries, in the new situation, bilateral trade cooperation needs to be strengthened, and the cross-border e-commerce trade as a kind of new and efficient means of trade, it is of great significance on the China and Russian economic and trade development. In recent years, Chinese and Russian cross-border B2C e-commerce trade is developing rapidly in the explosive growth period currently.

This research is aimed at the electronic trade between Russia and China which are the most potential countries. This paper takes China and Russia these two countries as the research object and based on the subject of B2C market.

The goal of this research is to determine the most important factor in the development of China to Russia B2C e-commerce market, finding the targeted ways to overcome the main barriers and promoting the follow-up development of China and Russian B2C e-commerce market. Main findings and conclusions of this research can help current and potential sellers to better understand the target market and develop strategies to overcome the Influencing factors of the industry. The results of the research can be also useful for companies and individual entrepreneurs who are looking for the niche market, as long as the lack of proper infrastructure for electronic trade can be a source of good business ideas The research made, is also important for the government and legislators, as can enable them to understand the needs of the market players and provide a better legislative environment for the development of the industry.

Aaccording to the research of other scientists paper about the development of electronic trade. It was found that a lot of research has been done on the development of electronic trade and reasons of its success. Scientists identified benefits and drawbacks of engaging in electronic trade for both customers and companies customers' advantages are endless range of products lower prices and time saving. For companies it is quick and cheap business extension, cutting of fixed costs like rent payment and access to the

customers from all over the world without physical presence in those regions. However there are some drawbacks, which stop inter national e-commerce from its development For companies it is fierce price competition, which stops many small business from entering the market and for customers it is lack of ability to check quality of the products before purchase.

This research can be divided into four parts. The first part is chapter 1 which concern about theory of the influence factors in the development of China to Russia B2C market. The chapter 1 detail analyze the situation of B2C market between China and Russia.

The chapter 2 analyze the main influence factors of development between China and Russia in the B2C market are language and culture barrier factors, logistics system factor, payment system factor, trust issues and credit of the seller factors, government polices and laws, economic situation factor and searching engines factor.

In chapter 3, the writer identify the theories knowledge of factor analysis methods, correlation analysis methods, linear regression analysis methods, SPSS, including the definition and the function of these analysis method, in order to analyze the collection data, then the writer conducted two survey, including the survey for Russian buyer and the survey for Chinese sellers. After that collected results were analyzed and decoded into statistical software package SPSS21.0. In order to analyze the collected data, the writer use mean value analysis methods, factor analysis methods, correlation analysis methods, linear regression analysis methods. In this research, Chinese sellers and Russian customers keep different attitudes towards the importance of influence factors. Through the two survey, can help us know that Chinese sellers still have many place which need to improve. Chinese sellers should pay more attention on Russian customers' concern. In chapter 4, the conclusion and suggestions are made for the survey results.

# 1 CURRENT SITUATION OF E-COMMERCE DEVELOPMENT BETWEEN CHINA AND RUSSIA

## 1.1 B2C Basic Theory of E-Commerce

### 1.1.1 B2C e-commerce

To "8848 online store" official operation as a symbol of the B2C e-commerce model is the earliest in China's e-commerce model. From 1999, 8848 online store egan B2C e-commerce to the present has more than 10 years, China's B2C e-commerce development in all aspects tend to improve. Today, e-banking, e-mail electronic newspapers and other words continue to emerge, we need to clarify B2C e-commerce theory.

According to different standards, we can divide e-commerce into different types. The most common is the e-commerce in accordance with the transaction objects division, can be divided into table 1.1.

Table 1.1 – Types of e-commerce

| B2B | business and business between the e-commerce |
|-----|-----|
| B2C | between enterprises and consumers of e-commerce |
| C2C | between consumers and consumers of electronic Business |
| B2G | business and government e-commerce |
| C2G | consumer and government e-commerce |

Business to Customer (B2C) model is the earliest generation of e-commerce model, that 8848 online store official operation as a symbol [29]. B2C refers to the enterprise and the customer, the use of the Internet for all trade activities, that is, online information flow, capital flow, business flow and part of the logistics to achieve a complete connection. Business through the Internet to provide consumers with a new shopping environment - online store (Jingdong Mall, Dangdang, QQ Mall, Taobao Mall, etc.), consumers shop on the Internet and pay money on the internet.

B2C e-commerce concept form according to the classification of e-commerce transaction object, B2C e-commerce is the starting point for the business, the end of the consumer's Internet-based electronic retail activities. In B2C, enterprises use the advantages of the Internet, simplifying the product from the enterprise to the consumer circulation process, direct, personalized, easily to provide services or products, at the same time, B2C e-commerce can effectively reduce transaction costs, Customer communication.

B2C e-commerce generally through the Internet to carry out online sales activities, mainly about retail- sales. In the B2C market, these two types of objects are the main participants in the transaction B2C one-to-one relationship between the characteristics of the market is determined by the enterprises and consumer attributes. Consumers are the subject of business activities, mainly including individual and group consumers. As consumers, both to buy goods, but also can enjoy the service. The consumer as a trading center to drive the entire business conduct, for the consumer object, its properties mainly related to the following aspects:

1. Consumer statistics, according to the Chart 1.1, about 688 million Internet users in China, men accounted for 55,8%, women accounted for 44,2%. 20 to 29 years old proportion of young people accounted for 29,8%. According to chart 1.2, in terms of occupation, students, corporate general staff, self-employed freelancers in the three groups of Internet users accounted for 30%, 16,2% and 14,9% of the total residents. In terms of education, the highest proportion of high school, accounting for 35,7%, followed by junior high school accounted for 32,8% [34].

2. For the concept of products and services, consumers are pursuing high-quality products and services, and at the same time with the low cost and loss. So before consumers make a purchase decision, they will make choices and comparisons such as time costs, economic losses, brands.

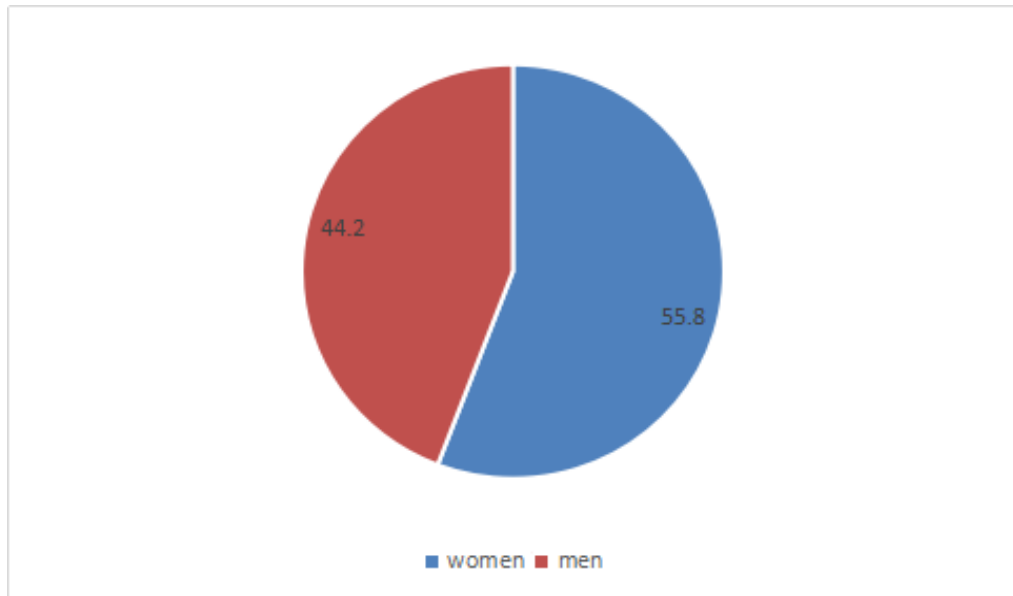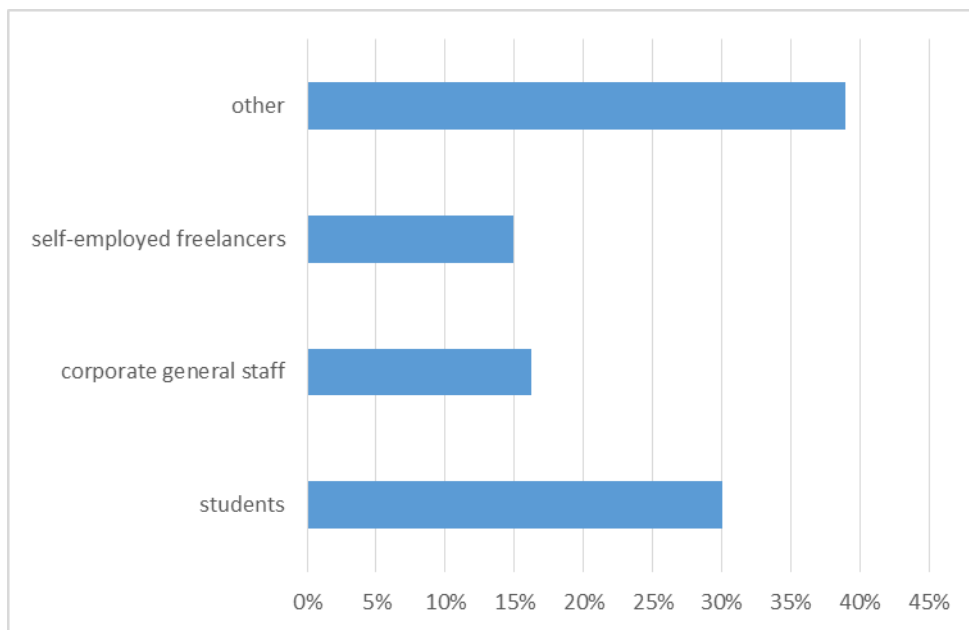Chart 1.1 – Proportion of men and women in 688 million Internet users in China



Chart 1.2 – Proportion of career in 688 million Internet users in China

3. Psychological needs of the personality depends on the consumer's national, cultural and other background and personality and other factors, including the consumer's psychological-value, psychological habits, psychological identity, emotional and psychological content.

4. The choice of payment depends on the user's dependence on traditional means of payment and the degree of acceptance of electronic payments. In addition, security awareness is also an important consideration for consumers.

Business object, the enterprises is another important objection in business activities. Enterprises not only provide goods, can also provide services. For business objects, its attributes mainly involve the following aspects:

1. Manager of the concept, the enterprise in the implementation of e-commerce is the most important thing to have a higher degree of emphasis on e-commerce. The concept of business managers associated with it is particularly important, but also should develop business rules to raise awareness, business managers in addition to the concept of thinking about business decisions, but also affect the various departments of the enterprise work process.

3. For Information technology environment, one of the most basic conditions for enterprises to implement e-commerce is the rigid conditions of information technology, such as the establishment of enterprise information systems, the digitization of corporate offices and the level of information technology.

4. For corporate culture, it refers to the total of enterprise in practice gradually formed for all employees agree, abide by, with the characteristics of the enterprise values, business guidelines, business style, entrepreneurial spirit, ethics, development goals. The internal culture of enterprises, the mission of enterprises, the image of the enterprise's products and the culture of cooperation between enterprises are corporate culture.

The government object is also a very important subject in B2C e-commerce activities. The government object in the B2C relationship market also has its attributes, including government investment in public facilities, e-government, electronic leadership and organizational role.

In addition, the complete B2C e-commerce need some auxiliary agencies to complete. The cooperation of these auxiliary agencies are relatively independent, and are credit institutions. For example, e-commerce achieve a secure transaction, first of all to solve the sensitive information such as credit card number, password and payment

information, etc. In the transaction and management is the existence of security issues, especially between users and website identity issues. Both parties are accredited and issued a digital certificate of identity for the subject. In addition, in order to achieve online payment, there must be established on the Internet platform with payment function of online banking, B2C transaction subject [35].

Compared with traditional enterprises, B2C E-commerce has many advantages. The traditional retail business is actually the middlemen between producers and customers, it separate the producers and consumers in space and time. If there is no retail business, manufacturers do not know how to find buyers, buyers do not know how to find the required products, lack of effective communication between them.

Table 1.2 – Advantage and Disadvantage of B2C E-commerce

| Advantage and Disadvantage of B2C E-commerce | |
| --- | --- |
| Advantage | Disadvantage |
| 1. B2C unrestricted by time and space | 1. Goods and information separation |
| 2. B2C use more convenient, easy to operate | 2. The main body of the transaction is unstable |
| 3. Easy to communicate with consumers | 3. Increased difficulty in pursuing legal liability |
| 4. Customer concentration is strong | |
| 5. Mufti-directional display of products and services | |
| 6. Significant cost reductions | |
| 7. Change in logistics supply chain | |

But nowadays, more and more manufacturers have their own website, in internet companies can publish price information, and can display their own product image and parameters. American car companies can even allow customers to directly participate in personalized car design, there is no need for intermediaries in the middle of the transmission of information or sales of products. After the success of online

transactions, manufacturers only need to send some mobile trucks, according to the customer's address can be arranged to delivery. More importantly, the price on the network is highly transparent, consumers simply through the ready price to search for the price of similar products to compare, to confirm products that they want to buy. B2C e-commerce business (can be seen as online retail Business) compared with the traditional retail enterprises, there are many advantages according Chart 1.3. Mainly:

1. B2C unrestricted by time and space.

Online B2C retail enterprises rely on the Internet, with no space and time restrictions. Its retail space can be extended with the extension of the network, without constraints, it can be said that as long as there is a network, the enterprises and customer can do business here. On the other hand, the business of online B2C retail business has space and time advantages. It can be 24 hours a day in the world without stopping the operation, to a greater extent to meet the needs of online users at any time consumption.

2. B2C use more convenient, easy to operate.

Only having network can have B2C, while the network carrier is not simply a personal computer, and more mobile devices, in particular, can be a variety of mobile phones, so that consumers can use the network at any time. With these devices a variety of convenient browser compatible with each other, almost the same interface, these standardized interface allows consumers easily to use.

3. Easy to communicate with consumers.

Online communication is an instant interactive communication, consumers are more likely to express their own evaluation of the product or service. This evaluation can make online retail enterprises more in-depth understanding of the inherent needs of customers. Whether it is to study who visit their own Website, or to study who is interested in their own products or services, can use the program table on internet to automatically set up the collection of information. The site can better meet the needs of consumers in this way to improve their credibility.

4. Customer concentration is strong.

The Internet is global, which means that the business of electronic stores can sale products in all around world. To some extent for the product of the global sales of the possible, but also lay a certain foundation. Consumers around the world are able to visit the store business, which is undoubtedly brought more customers for the business, as long as the opening of a shop can do a shop National and even global marketing.

5. Mufti-directional display of products and services.

Online B2C retail business of goods and traditional goods show the way completely different, without shelves, but the use of a variety of media on the network means, from the auditory and visual display of the full range of product appearance, performance, and determine the internal structure of product features. So that consumers can easily understand the goods, while other buyers of the record and evaluation will be very easy to promote consumers to buy products. The traditional retail business in the shop, although the real goods can be displayed to the customer to watch, and even let customers touch, but for the average customer, the purchase of goods is often superficial understanding of the inherent knowledge of goods Quality, resulting in easy to be confused by the appearance of goods, packaging and other external factors. Therefore, online retail helps consumers to buy rationally.

6. Significant cost reductions.

Compared with the traditional retail industry, online B2C retail enterprises can use the network channels to avoid a lot of middle term of traditional retail channels, thereby reducing the cost of circulation and transaction costs, speed up the flow of information. Any manufacturer can be the terminal retail Enterprises through internet, eliminating the wholesale business between manufacturers and retailers, putting the profits of the wholesale business to consumers, so that the price of goods provided on the Internet more affordable. In fact, the investment in the construction of shopping malls more and more high, and e-commerce enterprises invest the computers, databases and telecommunications equipment getting cheaper.

7. Change in logistics supply chain.

For the traditional logistics, the general use of the following supply chain: manufacturers – dealers – first-hand wholesalers – shops – customers. Every time the

logistics, require that each node has a certain inventory, which means that must build a certain warehouse as a storage land, which makes the flow of goods is virtually extended, resulting in reduced circulation speed, delay business opportunities in the traditional business process. The goods need to go through a number of intermediate links to reach the hands of buyers, these intermediate links increase the cost of goods. And e-commerce can greatly shorten the length of the supply chain, saving material resources consumption, and to bring great benefits to the enterprise. Electronic commerce logistics can be expressed as: Production enterprises - online store customer. So that the goods in the realization of its ownership of the transfer process shorten the length of the supply chain, saving material resources, to achieve the purpose of zero inventory. The model of B2C enterprises change the way of consumers purchase, door-to-door business has become a very important service business, and promote the development of the logistics industry.

The disadvantages of B2C E-commerce

B2C E-commerce has a lot of advantages, at the time, compared with traditional enterprises sales way, it also has own disadvantages. Mainly:

1. Goods and information separation.

Information of goods include pictures and text description are published through the Internet, consumers can only indirectly understand the goods, the product quality cannot be judged to the actual product, the authenticity of the information released by the business to become consumers the primary concern. In the traditional market, consumers buy goods with the business, customers can directly contact the actual goods, and even through the trial, taste and other experience, directly access to the real situation of goods, payment and delivery of goods is carried out at the same time. Consumers can identify the quality of goods on the spot, you can also compare the same type of goods, select their own identity of the goods but in the network environment, consumers can not directly access to goods, payment and delivery of goods is separated, consumers just see the picture of the goods and the text of the first payment after a period of time to get the real goods. So that some bad faith to the business, and even criminals can take advantage of the use of incomplete or even false information to

deceive consumers, making consumers suffer economic losses. Therefore, B2C business model to increase the two sides of the transaction Pr-Information Asymmetric.

2. The main body of the transaction is unstable.

B2B and B2G and other models of E-commerce transaction stability is high, but in the B2C model, more online consumers, enterprises have a large target market and low cost. At the same time, market monitoring is difficult to complete, and thus more likely to conceal the real information. In addition, the virtual trading in the network so that buyers and sellers are difficult to in-depth exchange. Today, mercenary enterprises in order to obtain the best interests, may give up the credibility of the business, the virtual network brought instability to business.

3. Increased difficulty in pursuing legal liability.

In the traditional market, the process of enterprise products or services to reach the hands of consumers is very long. As a result of a wide range of transactions, the distance between the two sides due to network reasons are narrowed, so that if a party is not good faith will give each other losses. At present, China's e-commerce legislation is not sound, the injured party in transaction claim with the high cost, difficulty, which led to the information asymmetry. The information asymmetry to a certain extent, reflects the B2C e-commerce disadvantage.

B2C e-commerce refers to the way of enterprise put the Internet as a medium, directly provide products and services to customers. B2C e-commerce can be called online store or online retail store. There are three main application modes:

1. Vertical B2C mode.

Vertical B2C website refers to the manufacturer, wholesaler and retailer of the integrated product, making the website become a trading platform for the customers to sell the product directly. The vertical B2C enterprise has an independent sales website, focusing on a certain category Product sales, such as: sales of footwear Belle, Adidas website; online has a certain number of physical stores and has produced its own brand, and has a specific consumer groups. Enterprises can put online products into the store sales, but also in turn. It can be seen that the vertical B2C model is suitable for large-

scale, mature , and has a certain brand effect and rich experience in the operation of large entities and some medium-sized enterprises to expand the scope of sales needs.

2. Integrated B2C mode.

Comprehensive B2C model with a wide range of goods, a large number, covering a wide range, and has a large consumer groups. The Amazon, Dangdang website is a typical comprehensive B2C model. Because comprehensive B2C e-commerce needs to communicate and cooperate with many manufacturers and suppliers, it not only manage a large number of goods inventory, sorting, display, sales, logistics and distribution, after-sales, but also need to provide one-on-one service to consumers, therefore, easily lead to operating costs and distribution high cost and thus elongated corporate earnings cycle.

3. Platform type B2C mode.

Taobao Mall as the representative of the platform B2C is a new concept. Platform B2C mode refers to the B2C network transactions in the platform of the site on the platform only for enterprises and consumers to provide transaction services, to monitor the transaction and have the right to deal with violations, the platform itself does not participate in product procurement, inventory, Logistics and other work. In Taobao Mall, for example, in this shop retailers can share the daily flow of Taobao, Taobao can use the Ali software series, such as: Ali Want, Alipay. The retail business which join Taobao mall is responsible for product procurement, inventory, upload product information to the website of the goods on display, through the computer system background for daily commodity management, contact their own logistics company, according to the order shipped to consumers. And Taobao platform acts as a supervisory role to deal with the disputes arising from sales. This model contributes to the use of physical marketing outlets, existing warehousing systems and logistics and distribution systems for small and medium enterprises with physical sales channels. It also is beneficial for Sales enterprises to open the sales market. Platform B2C model is usually the lack of funds and the strength of the establishment of vertical B2C website for small and medium enterprises to use the mode of network marketing.

Conclusion. According to the classification of e-commerce transaction object, B2C e-commerce is the starting point for the business, the end of the consumer's Internet-based electronic retail activities. B2C e-commerce has many advantages, including B2C unrestricted by time and space, B2C use more convenient, easy to operate, easy to communicate with consumers. Customer concentration is strong, mufti-directional display of products and services, significant cost reductions, change in logistics supply chain. On the other hand, it also has some disadvantages which need to improve, including goods and information separation, the main body of the transaction is unstable, increased difficulty in pursuing legal liability. And B2C e-commerce has three models which are vertical B2C mode, integrated B2C mode, platform type B2C mode.

## 1.2 Current situation and prospects of Chinese e-commerce market

In May 2015, the Chinese State Council in "on the development of e-commerce to speed up the development of new economic" clearly pointed out that e-commerce has become a new driving force of China's economic development, not only created a new consumer demand, sparked a new investment boom, opened up new channels of employment income for the public entrepreneurship, Peoples innovation provides a new space and e-commerce is also accelerating convergence with the manufacturing sector, thereby promoting the transformation of manufacturing and service industries upgrade.

The country for the e-commerce exhibition is undoubtedly accurate, but in such an information age with rapidly changing of the domestic and international economic circumstances, to better adapt to the development trend of China's e-commerce, and take the opportunity to lead the times. The trend is still worthy of deep thinking.

The third revolution in science and technology to atomic energy, computer and information technology, space technology and biological engineering invention and application as the main symbol, following the steam technology revolution and power technology life is another major leap. It promote the human social-economic and political, cultural changes in the field, more affected the way of life of mankind's way of

life and way of thinking after the reform and opening up. China seized the opportunity of the third scientific and technological revolution and actively promoted the deep integration of industrialization and informationization. As a result, Chinese science and technology progress and economic growth rapidly in the new period. From the economically backward countries, to become the world's second largest economy.

With the deepening of information technology and industrialization, the fourth electronic industry revolution has come. The development trend of internet plus is unstoppable. Internet plus, similar to Information Superhighway and Industry 4.0, is proposed by China's prime minister in his Government Work Report on March 5, 2015, so as to keep pace with the Information Trend [30]. According to China's official website, "Internet plus" was on the list of significant economic keywords in 2015 [31] and is one of the newest expressions of the two sessions (National People's Congress of the People's Republic of China and Chinese People's Political Consultative Conference) of the year [32]. Internet Plus is simply the need to combine the Internet with the traditional industries, to promote the development of industries. It represents a new economic state, full playing to the Internet in the production factor in the optimization and integration of the role. The Internet innovative achievements in the depth of integration in the economic and social fields, to enhance the real economy of innovation and productivity, the formation of a broader Internet-based infrastructure and the realization of the new forms of economic development. The industries of retail, transportation, communication, medical treatment and education are innovating through internet. Internet plus has become the focus of society. In line with this, the Chinese government's work report in 2015 explicitly proposes to speed up research and development of Internet plus action plan and to elevate the Internet into a national strategy. Internet plus is no longer a simple tool and a new one to improve productivity and economic efficiency into a new format, the new model of the Internet plus will play a more economic development role, An important driving factor for economic stabilization and recovery. It can be predicted that the greater development of China's e-commerce and the various Internet plus economy mainly based on the following two points: First, e-commerce and internet plus is the product of modern scientific and

technological progress. And second, both of them are supported and attached by the government, in fact, the Internet plus in support of public entrepreneurship, the role of public innovation has long been apparent, and has become an important means of providing public services. The invention of the Internet plus is also very obvious which is to promote economic restructuring and upgrading, and create a new era of economic. In this point of view, the combination of e-commerce and internet+ will lead to changes in economic mode of operation and optimization.

Driven by the national policy, China's Internet has made vigorous development. According to Chart 1.3, as of December 2015, the scale of Chinese Internet users reached six hundred and eighty-eight million two hundred and sixty thousand, the Internet penetration rate is 50,3%.
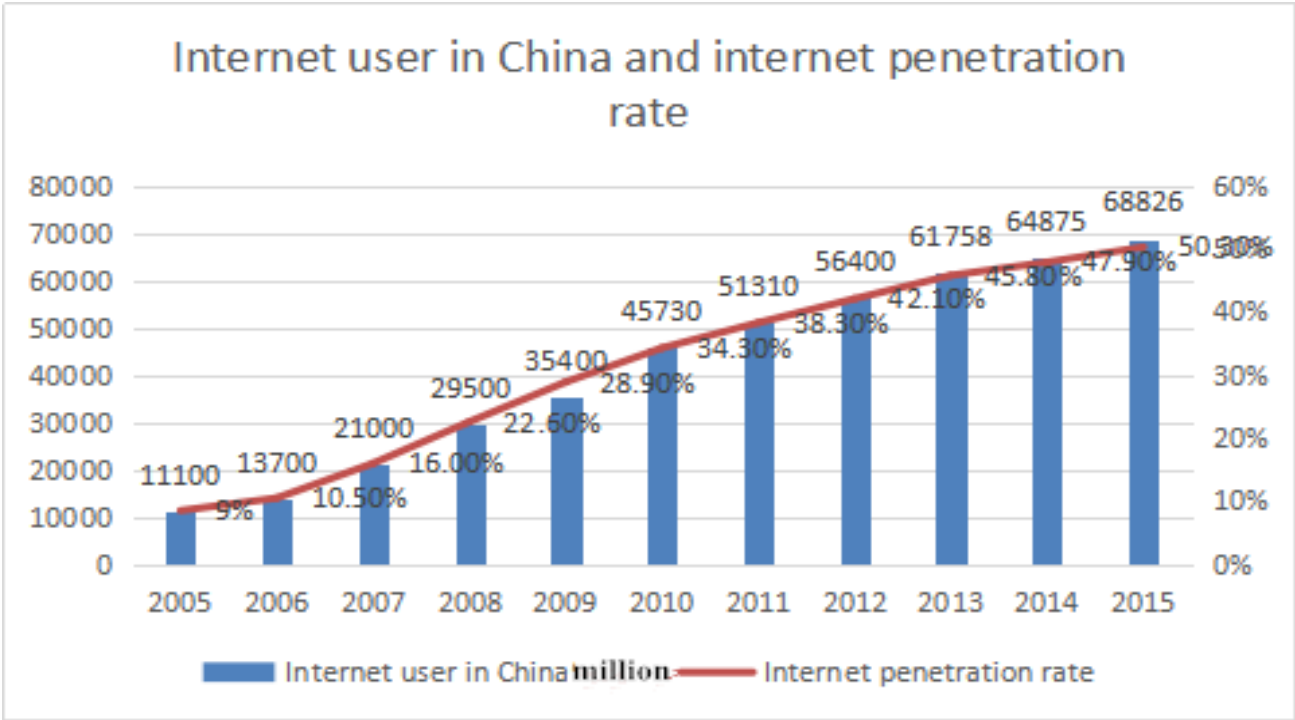


Chart 1.3 – Internet user in China and internet penetration

Benefit from the mobile Internet era and continue to deepen, China's Internet industry has ushered in a new round of development boom in this process, the proportion of rural Internet users increased gradually, the Internet search engine, e-commerce, SNS, and other mobile side become the new engine of internet economic [33]. China's e-commerce market will gradually show two new trends:

1. Turn to Chinese rural electricity commerce. From 2014, the domestic electric business giants have played their "mountain to the countryside" strategies. After entering the year, Alibaba and Jingdong is full speed to promote the "rural electricity commerce" strategy. Alibaba plan to invest 1000billion to build 10 billion 1000 county-level operations center and 10 Million village service stations. Jingdong put forward 3F strategy which are Factory to country, Finance to Country and Farm to Table. Rural e-commerce is a huge consumer potential in rural China.

2. Turn to cross-border electricity commerce. Mayun has revealed Alibaba's vision for the next decade - to help the world's 2 billion consumers to buy the world's products online. June 24, 2015, Alibaba Group's cost-effective platform and Lynx International jointly open the "global village" model, the United States, Britain, France, Spain, Switzerland, Australia, New Zealand Singapore, Thailand, Malaysia, Turkey and other 11 countries in the National Pavilion at the Lynx International appearance. On the same day, Alibaba cost-effective platform announced a comprehensive start of the cooperation between the embassies of the 20 countries. In China, electricity penetration is only about 50%, while in Korea and the United States this figure can reach 90%.

It can be seen that e-commerce in china is a very large growth potential, the next few years will also maintain rapid growth. At the same time, China's growing middle class spending power strong demand for quality products, overseas quality products in China has a very broad market prospects. As the leader in China's electricity business. Alibaba in the cross-border electricity provider layout and Expansion, indicating that China's electricity giant to expand overseas market expansion plan is very great.

China's online retail market concentration to further improve. Alibaba and Jingdong occupy more than 90% of China's online retail market share. Taobao transaction volume growth further slowed down and consumer upgrade brought new development of space and push the development of B2C platform. In2015 market share of the top five B2C platform market reached 93,7%, compared to 2014 increased by 5 percentage points, B2C platform to further enhance the market concentration. According to chart 1.4, Tmall accounted for 65,25% of the market share, followed by Jingdong accounting for 23,2%, Suning accounted for 5,3%, other 6,3%.
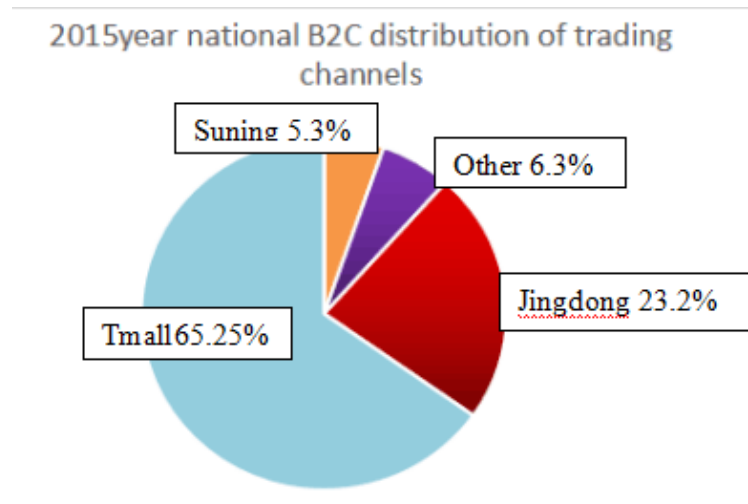
Chart 1.4 – 2015 year national B2C distribution of trading channels

According to China's current economic development level and business conditions, e-commerce for traditional enterprises has its advantages and disadvantages. Traditional enterprises do not learn and develop e-commerce, in the future they may be eliminated. But at the same time it is also an opportunity for traditional enterprises, to use the opportunity to adjust and change their mode of operation and business model in the case of the development of the Internet network to achieve better development. But in general, the challenge is greater than the opportunity. The following aspects, is particularly important for companies through the Internet+ to achieve innovative development:

1. To further change the concept, build innovative thinking, face new challenges with the Internet thinking. With the rapid development of science and technology, especially the ever-changing information technology, the Internet age cause the big change of China's economic and social aspects,0 so we should make full use of various means to promote the whole society paying attention to the concept of network economy, especially the development of network trade

2. To accelerate the construction of information technology, improve the international competitiveness of enterprises. Enterprises rely solely on the traditional way to engage in business activities which can not meet the needs of the market economy. The way of opening up the market through internet are recognized by international companies as the lowest cost, the highest efficiency means [33]. At the

same time, the Internet is powerful weapons for SME (small and medium enterprises), because it can achieve the network transnational business with a low costs.

3. To strengthen the study of e-commerce norms. E-commerce is a new business model, but also brought a lot of new problems, including the security of transactions, the taxation of electronic commerce, the protection of intellectual property rights, the validity of electronic contracts and the handling of disputes, etc. Those problems can directly relate to the development of electronic trade. Therefore, it must maintain a high degree of sensitivity market, developing and improving the corresponding policy standards and regulations of e-commerce.

Conclusion.

E-commerce has now been a push for the development of China economy. With the Internet plus in the lead, E-commerce in the aural areas and across borders has been developing quickly. China's traditional industry faces opportunities and challenges, so old ideas must be changed and the Internet and information technology must be strengthened to improve competition in the world. The Internet trade must be regulated to speed up its development.

1.3 Specific of trade between China and Russia

In the new domestic and international background, China and Russia economic and trade cooperation has entered a special development period. In the implementation of Russia's Eastward Strategy and China Belt and Road Initiative construction process, the two countries will establish closer economic and trade relations. The cross-border e-commerce as a new thing in China and Russia economic and trade area, will usher an important period of strategic opportunity to accelerate development. It will become a new model and new engine of Chinese and Russian economic and trade development, and will have a profound impact on the economic development of business models, production methods and people's thinking and way of life between China and Russia.

Researches show that most of the customers prefer on-line shopping due to significant price advantage [29]. Using on-line databases allows customers to look for the best price deals, compare price among the sellers and sometimes even negotiate the final price with the sellers. Statistic shows that even those people who prefer to do their shopping on the off-line markets tend to look for the information about the pricing on-line before making their decision about the seller. [2] Due to the weak foundation of Russia in the light industry, Chinese producer quickly rely on rich product line and price advantage to get a place in Russia. Because of the continual decline of ruble rate, Russian consumers probably less and less purchase goods denominated in dollars and euros, and Russia consumers tend to buy goods in China with cheaper and extensive goods. According to the chart 1.5, from 2014 to 2016, China's cross-border e-commerce has doubled, accounting for 80% of the Russian market orders, and the other foreign cross-border electricity supplier from other countries accounting for 20%f the Russian market orders. The chart is the share of parcels from China to Russia by E-commerce.



around40%        At least70%        At least 80%

2014 2015 2016
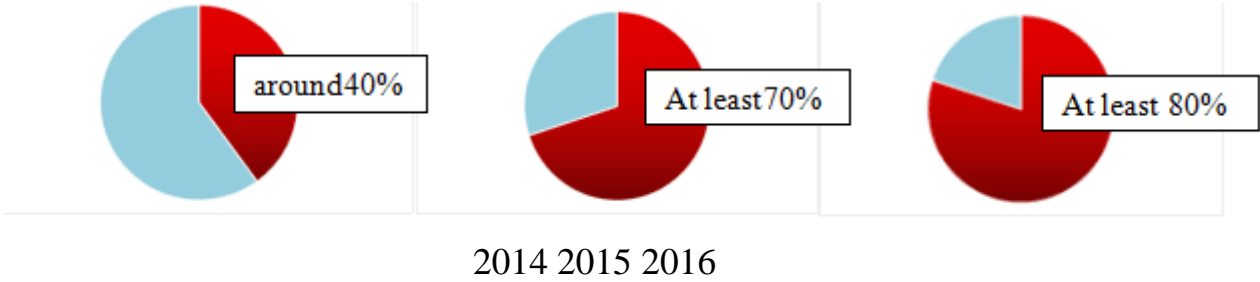
Chart 1.5 – Share of Parcels from China to Russia by E-commerce

The Chart 1.6 shows that nearly three years of Russian e-commerce transactions amounted to $12 billion, $16 billion 500 million, $18 billion, an increase of 20%, 27.3% and 9.1% respectively, the current e-commerce transactions accounted for 2.2% of the Russian total amount, accounting for an increase of about 0.2-0.3% a year. Morgan Stanley forecasts, the Russian e-commerce market will grow at an annual growth rate of 35%, which means that in 2016 of $36 billion, accounted for 4.5 of total retail sales in Russia, by 2020 this proportion is expected to be further increased to 7%, up to $72 billion [34].
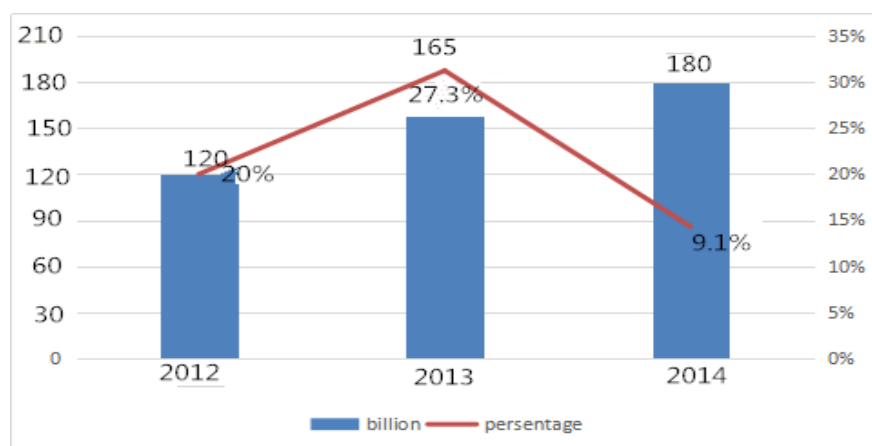
Chart 1.6 – 2012, 2013, 2014 proportion of Russian e-commerce transactions

Table 1.3 – In Russia Area the proportion of Online Shoppers

| Area | Number of online shoppers（million） | Accounting for the proportion of adult population（%） |
|---|---|---|
| Main area | 670 | 45 |
| Moscow | 540 | 48 |
| St.Petersburg | 130 | 34 |
| Other area | 1160 | 16 |
| Northeast area | 110 | 22 |
| Central area | 170 | 14 |
| The Volga | 150 | 11 |
| Caucasus | 290 | 15 |
| Ural | 160 | 14 |
| Siberia | 210 | 17 |
| Far east | 70 | 18 |

According to Table 1.3, Russia e-commerce regional development is uneven, in 2014, the Moscow region of Russia's online shoppers accounted for nearly 30% of all online shoppers in Russia. At the same year, more than 5 million 400 thousand people use more than six months to shop online, of which 1/3 (1 million 800 thousand) people are from Moscow area, the proportion of online shopping users in different regions are different, the Moscow region 48% of adults do online shopping. St Peters-burg 34% of adults do online shopping. Only 11,22% of adults in other regions do shop online.

According to the Russian Federation July 31, 2017, National Bureau of statistics on "the 2016 Russian Federation resident population composition change "report, Russia's permanent population of 146804372 people, 68,3% of them living in Europe, means that the European part of Russia's resident population of 100267386 people, according to the report, the Moscow city has a population of 12380664 people, 5281579 people in St Petersburg city. The main business scope of the Russian e-commerce trade is largely confined to Moscow and St Petersburg.

We can see the Russian e-commerce market has a certain scale, in addition to logistics, online payment system is gradually mature. Statistics show that Russia currently shop online payment system reached 70 kinds. Data Insight Research Center statistics show that the first half of 2013, the Russian Ross e-commerce transactions amounted to 160 billion rubles (about $5 billion), increase over the year 29%, the most popular five foreign shopping websites of Russian people, there are 3 from China, which are AliExpress (aliexpress Alibaba foreign trade online trading platform), taobao.com, Alibaba and two other United States for cross-border e-commerce platforms, accelerate the development of bilateral trade, promote the advantages of the integration of resources between the two countries.

In Chinese largest e-commerce trading platform WWW.Taobao.COM, rapid growth of Russian shopping volume in this platform become the epitome in the development of China to Russia e-commerce. In 2016, according the data from Taobao, many Russian people buy goods from Taobao, more than 400000 dollars goods are transported to Russia. Heilongjiang SEG International Trade Co., Ltd. is the only electric business enterprise to achieve the online ruble trading platform. This company has the site of

existing products are 520 million kinds, and has 3.8 million sellers with business volume more than 100 million yuan. Although ebay.com.amazon.com are famous in Russia, most of the online shoppers in Russia visit most of the websites which are China.As China can provide a full range of goods, greatly make up defects which many of Russia's light industrial products, are difficult to purchase, the Russian market demand for Chinese goods is stable and showed rapid growth. China has many advantages in the development of e- commerce in Russia. In order to promote digital transformation of China and Russia, with the help of Chinese government, heilongji kiang province had opened a serious of online e-commerce trading platform for Russia, including www.sfhec.com,www.chinacoms.com, www.come365 com, http://www.kretp.cn, Suifenhe Sino Russian e-commerce platform which is trade with Russia in the field of third party e-commerce trading platform, relying on Suifenhe unique geographical advantages. This platform set up a bridge for Chinese and Russian market.

Because of Russia's crackdown on gray customs clearance, white customs clearance has become the only way of exporting Chinese goods to Russia. China and Russian e-commerce platform can provide services of white customs clearance, goods can be safely delivered to the Russian market, at the same time, the platform can also help companies and businesses looking for more buyers in Russia, as companies and businesses preferred. The platform has the credibility of the government guarantee, secure electronic payment system, online one-stop customs clearance, the whole process of logistics tracking, import and export goods two-way guarantee and other advantages.

With the development of Transnational E-commerce between China and Russia, the China and Russian e-commerce problems become more and more obvious. In Taobao, the Chinese seller faces a lot of inconvenience of sending the goods to the hands of the Russian customers, while the Russian buyers also have to have 601988 Chinese bank accounts and Chinese mobile phone cards in order to achieve Taobao online shopping operation. At present, more than 10 thousand companies in the world to, sell goods in taobao platform, but the Russian buyers can only buy goods through two ways ways. One is the advance payment and then through the intermediary Chinese

post, air mail or EMS to send the goods to Russian buyers; the other is a web service agency (RuTaoBao.com) can provide the goods to Russian buyers.

The level of e-commerce development in Russia is far from it in China. Time of delivery of goods can't be guaranteed, there are few B2C which can provide complete product delivery tracking system; quality of goods can not be guaranteed, counterfeit goods are appearance, the payment mechanism is not perfect; the Russian capital are not willing to invest in the Internet field, and this is just the opposite of China. Lack of investment to develop the Russian domestic electricity commerce leads to a large number of Internet start-ups to exit the Russian market every year. Due to the lack of convenient payment systems, in addition to the big cities such as Moscow can enjoy the arrival of the payment in other areas the customers must pay the money first, and consumers are not fully vulnerable to any security.

Conclusion.

Cross-border e-commerce as a new field of China and Russian economic and trade, will usher in an important period of strategic. It will become a new model of China and Russian economic and trade development and a new engine, have a profound impact on economic development. As Russia's Internet penetration continues to increase, more and more Russian consumers begin to cross-border shopping. But among most of the cross-border trade sites, Russian online shoppers visit most of the sites are from China. As China can provide a full range of products, much to make up for the lack of many Russian light industrial products. The Russian market demand for Chinese goods is stable, and showed rapid growth. China has many advantages in the development of e-commerce in Russia. With the development of transnational electronic trade between China and Russia, there are still some problems in the e-commerce between China and Russia, and the development space of e-commerce trade between China and Russia is huge.

## 1.4 The Current Situation of B2C Market between China and Russia

China and Russia are important strategic partner countries, in the new situation, bilateral trade cooperation needs to be strengthened, and the cross-border e-commerce trade as a kind of new and efficient means of trade, it is of great significance on the China and Russian economic and trade development [1]. According to the Global

B2C E-Commerce Sales & Shares Report 2013 considering the regional perspective, Europe is the single largest e-commerce market. The largest markets there are UK, Germany. However, according to IMRG forecast, France, Italy, Russia and Poland will be the fastest-growing markets in Europe, The players in the European region are eBay, Amazon, Argos [2]. Despite of the fact that Europe is the largest e-commerce market, Asia-Pacific Region is believed to be the leading e-commerce market in the next 2 or 3 years because of its tremendous annual growth rate. The biggest markets in this region are China, Japan, South Korea [3]. The main players are Alibaba.com, Amazon. Apple and Yahoo.

In recent years, Chinese and Russian cross-border e-commerce is developing rapidly in the explosive growth period currently. According to data, the total number of online shopping in Russia in 2015 has reached 40million people, which means at least 15million Russians were shopping in foreign consumer electronics stores, a large part of people enjoy shopping in Chinese E-commerce platform, which will form a strong market purchasing power. Since2012 Aliexpress enter into Russia e-commerce market, more and more people began to target emerging markets, competition in Russia is increasingly white-hot. According the  Chart 1.7, 62% Russia people use Internet in 2014. Russia's Internet penetration rate from 37,1% in 2010 to 71,4% in 2016, the Russia's Internet penetration rate has about doubled in six years. More than 97% of Russian youngsters are using the Internet for all types of activities, about 28% of the 55-year-old Russian people can use the Internet. More and more Russian consumer began to cross-border shopping.
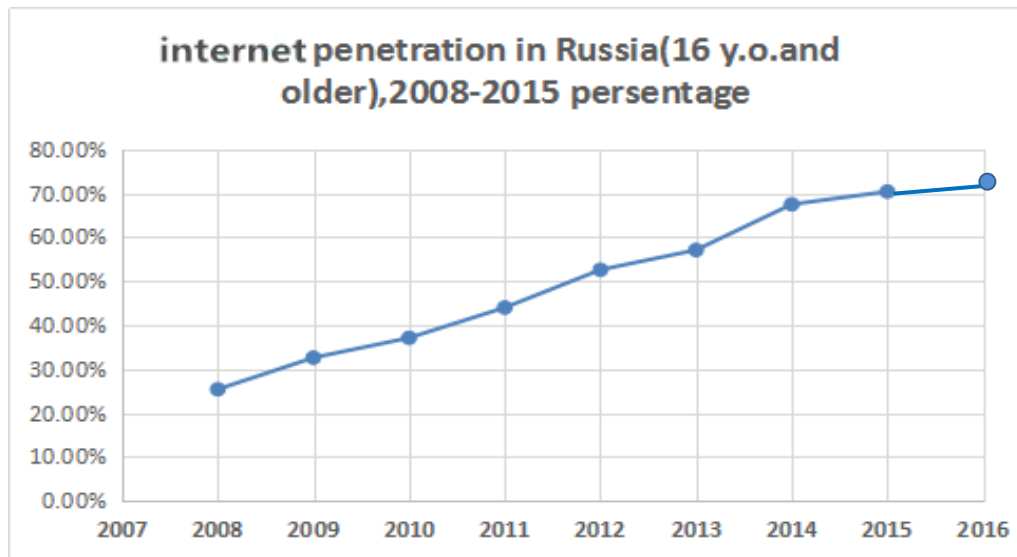
Chart 1.7 – Internet penetration in Russia from 2008 to 2016

Researches show that most of the customers prefer on-line shopping due to significant price advantage [4]. Using on-line databases allows customers to look for the best price deals, compare price among the sellers and sometimes even negotiate the final price with the sellers. Statistic shows that even those people who prefer to do their shopping on the off-line markets tend to look for the information about the pricing on-line before making their decision about the seller [3]. Due to the weak foundation of Russia in the light industry, Chinese producer quickly rely on rich product line and price advantage to get a place in Russia. Because of the continual decline of ruble rate, Russian consumers probably less and less purchase goods denominated in dollars and euros, and Russia consumers tend to buy goods in China with cheaper and extensive goods. Russia's B2C market development is relatively late, with great space for growth. According to Russian authorities, the Russian e-commerce market has enjoyed a good momentum of growth in 2015, with a growth rate of 7% and a turnover of about 750 billion rubles. The growth rate of cross-border e-commerce is 5% with a turnover of about 220 billion rubles, accounting for about 1/3 of its e-commerce market. Since 2015, the Russian government has focused on developing the Internet economy and cross-border trade. Statistics show that in 2015 the size of the cross-border B2C market in Russia has been expanded to about 5 billion U.S. dollars. Among them, the products from China are most welcomed by Russian consumers. In the year, about 70% of all sales orders made by Alibaba, eBay and Amazon come from China.

To promote the development of cross-border B2C market between China and Russia, China-Russia Customs actively cooperate. In August 8, 2014 in Suifenhe - Paurangiqi, Dongning - Portofakar ports to start the pilot mutual recognition of regulatory results, significant savings in customs clearance of goods and enhance the level of trade facilitation. In September the same year, China and Russia decided on the "Green Passage" project, giving businesses convenient measures for preferential customs clearance and drastically reducing customs clearance and cargo inspection time. In April 2015, China-Russia cross-border e-commerce clearance service platform officially opened in Suifenhe, marking a comprehensive upgrade of cross-border e-commerce service platform between China and Russia. On September 3 of the same year, the customs of China and Russia signed "the Protocol of the General Administration of Customs of the People's Republic of China and the Customs Office of the Russian Federation on the Security and Trade Facilitation of Commodity Supply Chain in Container Transport", aiming to share the resources of both China and Russia in the information on logistics supervision, improve the efficiency of customs operations, and speed up the customs clearance of goods.

According to statistics from relevant departments, the market share of Chinese e-commerce enterprises in Russia increased by about 30 times over 2015 to 57%. It is estimated that in the future, the Chinese e-commerce enterprises will continue to grow at a rate of 30%. In Russia's B2C market, Alibaba's AliExpress quickly opens up markets at affordable prices and a wealth of goods. In 2014, AliExpress became the number one shopping site in the Russian e-commerce market with 15.9 million monthly visits, surpassing the Russian local e-commerce provider Ozon.ru and the international e-commerce platform eBay.com. In June 2015, AliExpress set up a branch in Russia. According to the analysis of the Russian e-commerce business association, AliExpress has become the most popular online store in Russia in 2015. Aliexpress has 23.8 million unique visitors per month, of which Russian users account for 15% of the total number of users. From the user scale, in the Alibaba wholesale business, Russia is the third largest market after the United States and China. At the same time, Jingdong Mall's cross-border e-commerce platform, Jingdong's global Russian station, was officially

launched in June 2015 and signed a cooperation agreement with Russian express delivery company SPSR-Express to build and optimize logistics services in the Russian market. Price Network analyst believe that in future 5 years, Jingdong is expected to occupy 20% of the Russian electricity market.

According to the report of the Russian communications media department, in the first half of 2017, 147 million 500 thousand international parcels were handed down by Russia's post, of which 90% were from China. The devaluation of ruble exchange rate has promoted Russians to choose products that are more cost effective. The rich, relatively inexpensive Chinese e-commerce platform is popular among Russians. The Russian "Yandex" payment company released data show that in 2017 during the double eleven Shopping Festival, the Russian consumer amount in the Chinese online store shopping compared with 2016, the average consumption growth of 23%, reached 953 rubles (about 104.84 yuan), this figure is 1.5 times higher than the ordinary day.

However, with the Chinese products more and more welcome, in 2017 October Russian, Russian company mail.ru launched a special sale China products to establish the Russian version business platform aliexpress--Paodao.ru, the business platform from the Chinese suppliers and manufacturers take the goods directly to reduce intermediate links, the same goods, relative aliexpress, discount so the higher the price is relatively low. Many Russian media believe that Pandao.ru is likely to challenge Ali to sell its position in Russia, and to squeeze the profit space of Aliexpress. Electricity providers are competing fiercely in Moscow, St Petersburg and other big cities. Russia's local electricity providers and cross-border electricity providers are "secretly competing", and Russia is very serious about its "economic protectionism". It is more difficult to expand its share. At this time, the relatively high density of urban and rural market in Russia and Europe with a relatively low steering pressure is a consideration for cross-border electricity providers in China.

Summary of the First Chapter.

In recent years, Chinese and Russian cross-border B2C e-commerce trade is developing rapidly, however, there are still existing many problem to influence the deep development of China to Russia B2C e-commerce trade. In order to solve this problem,

this research determined the most important factor in the development of China to Russia B2C e-commerce market, and finding the targeted ways to overcome the main barriers and promoting the follow-up development of China and Russian B2C e-commerce market.

The chapter 1 is the situation of B2C market between China and Russia. The result of chapter1 is that more and more Russian people shop on-line, especially enjoy shopping in Chinese e-commerce platform. Researches show that the most Russian customers prefer on-line shopping due to significant price advantages. Chinese e-commerce enterprises quickly rely on rich products line and price advantage to get a place in Russian on-line shop. At the same time, Russia e-commerce regional development is uneven, only Moscow and St peters-burg area has developed quickly. China has many advantages in the development of e-commerce in Russia, but there are still existing many problem in the e-commerce between China and Russia.

# 2 ANALYSIS OF THE MAIN INFLUENCE FACTORS IN THE DEVELOPMENT OF CHINA AND RUSSIA B2C TRADE

According to the theory of chapter 1, we can know that Chinese and Russian cross-border e-commerce is developing rapidly in the explosive growth period currently.

Chinese producer quickly rely on rich product line and price advantage to get a place in Russia. However, there are still some problems in the e-commerce between China and Russia, and the development space of e-commerce trade between China and Russia is huge. Through researching many secondary data, the writer find the main influence factors in the development of China and Russia in B2C market, which are language and culture barrier factors, logistics system factor, payment system factor, trust issues and credit of the seller factors, government polices and laws, economic situation factor and searching engines factor. This chapter pay more attention to introduce the these factors bring the detailed influences to China and Russia B2C e-commerce.

## 2.1 Culture barrier factors

Culture barrier factors is one of main influencing factors in the development of China-to-Russia B2C E-Commerce trade, including two parts which are cultural difference, language barriers. Cultural difference is a vital factor in the development of China and Russia [3]. Chinese e-commerce market growth rate appears to be very attractive for large international companies such as eBay, Amazon. But not all of them succeeded in entering Chinese e-commerce market. eBay failed to enter into China e-commerce market [5], analyzing it for instance, has been found that Chinese eBay web site was identically the same as the international one, only translated in Chinese [6]. Design of the web site isn't assimilating into Chinese culture. This was one of the main reasons of why eBay lost to Taobao in China.

One of the other type of cultural barrier factors is language barriers [7]. The results for cross-border shopping to some extent reflect language skills and ties with other

countries. Most cross-border online shoppers in Belgium and Luxembourg do their online shopping in France or Germany. while cross-border online shoppers in Ireland and Malta tend to shop in the UK. Portuguese cross-border shoppers shop in Spain, while Danish cross-border shoppers shop in Sweden. There is also significant cross-border shopping between the Czech Republic and Slovakia. between Finland and Sweden. between Austria and Germany, between Belgium and the Netherlands, and the Netherlands and Germany [3]. These results show a strong tendency of buying from foreign companies who speak the same language than the customer. However this tendency is lower in the European countries because almost everyone can speak English to some extent. It needs Chinese retailers to have a good command in Russian to post their offerings on the on-line platforms, which is a huge challenge for many Chinese retailers. Mistakes in product description and lack of ability to communicate properly with the seller can be serious barriers, Chinese retailers need to pay attention to understand Russian language and Russian culture and solved this problems.

Talent is also an important part of cultural elements. Talent in any industry are indispensable factors, it is also the same sense in the China and Russian cross-border industry, the demand for talent is very huge. In the China and Russian cross-border electric business industry talent is relatively lacking because the enterprise's demand for talent is relatively high. In terms of language, Russia is a country with deep cultural heritage, and its language has a unique system. In the work, it will inevitably encounter language problems. Therefore, it is necessary to have the knowledge of the Russian language and the Russian culture, at the same time, Technology, the site of the building, product marketing and promotion of the need for technical talent to support the excellent talent. It is difficult to have people who are both Russia language capacity and proficient in technology, but we can do business by hiring Russian local talent to meet the needs of our B2C e-commerce trade activities.

Conclusion: China and Russia have huge culture difference, the language in China and Russia belong completely different system, and talent who can understand this two different culture are less. So culture barrier factor is one of very important factors in development of China and Russia B2C E-Commerce trade.

2.2 Logistics system factor

At present, the most troubled thing between China and Russian B2C e-commerce trade is logistics. Cross-border logistics are generally slow, more than 30 days of logistics delivery is one of the important factors to down Russian buyers desire [8], so the China and Russian logistics is very difficult to deal. Although the current logistics is slow, the China and Russian cross-border logistics has many kinds of types. Through the form of service, it can be divided into postal services and green services.

1.Postal services.

China and Russia cross-border electricity business logistics in 2012 and 2013 there have been a lot of package congestion and delay delivery problems, this situation caused a high degree of postal logistics companies in the two countries. In order to solve the problem, the two postal logistics companies in the support of the government has opened a number of postal services, including the Russian easy to reach. XRU Russian Express, China and Russia through, postal package charter line. Russia easy to reach is a kind of logistics product which made by the Heihe Post and "heyday" (China and Russian transport tycoon )for small package buyers demand. "XRU Russian Express" is for the small package of logistics services, it belongs to FSNIO - RUSSIAN GRUOUP. China and Russia through is a centralized Russian cross-border logistics, tax and other services. As one of the postal services by the Alibaba integration of the Russian channel service, the postal package chart line is a special service, but it has many restrictions. By the Heilongjiang post office opened a direct flight Yekaterinburg, the general service of these postal services is the package of large throughput, with the longer delivery time but the price is relatively cheap. The market share of postal basic services is the mainstream of the current China and Russian cross-border electricity business logistics.

2. Green service.

The slowness of the postal service and the shortfall of the high packet loss rate, so that the green service came into being, occupying the part of the market where the postal service was left. This part of the market share is less than the share of postal

services. The green service means International express line-to-line services, this service can send goods to the destination directly without stay transshipment in the other place, therefore the speed of green service will be more fast than postal service. Although the green service can be faster to provide a better user experience, because of its high cost, the majority of users are some brands of electricity providers. At present, Russian green service. Logistics provides customers with door-to-door, cash on delivery and special services for collection, such as Russian and Ukrainian green lines, XRu.com's Russian line. These services have a great effect on improving customer retention, as well as flexible turnover of funds, as well as a full-line airline company.

Russia is the world's largest land area, across nine time zones, online shopping challenges encountered here is very difficult compare with any other country. Russia's infrastructure, logistics network and postal seizure, delivery, and so mostly stay in the level of years ago. In the face of surge in e-commerce package, handling capacity and experience is serious shortage, resulting in a large backlog of goods. In addition, the Russian logistics and postal business regional development imbalance, with Moscow and St. Peters-burg as the center of the European region is more developed, the Asian region is relatively backward. At the same time, the Russian delivery costs are more expensive than most of other countries, in the urban area of Moscow, the product delivery costs of about 60 yuan, and it need the appoint delivery time with sellers. Suburban areas will have to pay additional costs for delivery.

Russian logistics enterprises way of freight and freight efficiency has become one of the important issues restricting the development of China-Russia cross-border electricity business. Logistics has always been troubled problem in China and Russian cross-border electricity companies. Whether slow speed of the basic postal service or high cost of green services can not meet the needs of the logistics industry between China and Russia. In 2014, postal service occupy main status in China and Russian cross-border electric its companies, but if there is a way to reduce the cost of Russian cross-border electricity business logistics, then the new logistics approach will break the postal basic service of the dominant position of the situation.

According to the introduction of the policy of Russia, postal package transport has no logistics advantage. The new logistics approach can effectively solve this problem, that is, the application of setting up overseas warehouse [9]. The basic method of setting up overseas warehouse is that combined with sales links and local market retail links, set up overseas merchandise warehouse for retail sales, greatly improving the logistics speed, so that goods can be the first time to the customer's hands [10].

Customers can also enjoy immediately return service if the products appear some problems, reducing the cost of logistics. But the overseas warehouse is not generally applicable, only for a large enterprises with large funds, the Russian cross-border e-commerce enterprises are mostly small and medium enterprises, only with their own strength is difficult to afford the funds established by overseas warehouses. With the strength of the network operators association, integrated the products of these enterprises, the establishment of a comprehensive overseas warehouse, to meet the sales of enterprises, at the same time, to reduce the cost of sales and increase delivery speed. If it is completed, through the combination of the green service and the overseas warehouse, the problems such as the slow aging of the postal service, the delay in delivery and the congestion of the stock will be solved. It can improve the China and Russian cross-border electricity business.

China and Russia B2C e-commerce comparison of other business model, there is a certain degree of particularity, the same point is that in the business model, the realization of logistics and information flow, capital flow can be achieved through the Internet.

The difference is that the logistics represents the transfer of the entity and still requires a separate process on the design. But the most important point about foreign trade B2C model distinguish from the B2B model is that in the network retail mode, a single transaction is more frequently, and most of transaction are the small transactions, while commodity demand is relatively strong, so under normal circumstances can not be achieved Scale transport, which also led to the China and Russian trade B2C business logistics costs high situation [11]. For the Chinese B2C businessmen, some of the logistics costs of goods is still at a high level , it also affected the profitability of

Chinese businessmen. In addition, the stability of the logistics delivery model will also affect the degree of satisfaction of Russian customers, so the reference to the Russian consumer shopping habits and other factors to develop cost-effective logistics delivery model will be a certain extent, the impact of Chinese business profitability and Long-term development.

At present, Chinese B2C businessmen mainly use several logistics and distribution model, and by analyzing their respective advantages for the future development of China's B2C business to provide a reference. At present, the main logistics and distribution methods, including ordinary postal delivery, foreign trade B2C corporate shipments, third-party logistics warehousing, and overseas warehousing.

1. Ordinary Postal Delivery.

Chinese B2C businessmen can use ordinary postal delivery, that is, through the postal sector or courier companies for product distribution, such as EMS, UPS, DHL. In this way, businesses can take full advantage of the delivery company's distribution, and network success rate is higher. This way also is in line with the characteristics of foreign trade retail which is small amount, the number of times.

2. Foreign trade B2C corporate shipments.

Chinese B2C businessmen can centralize goods to transport together by themselves, or several enterprises cooperate to centralize goods and to transport the goods. This way, designated warehouse and centralized goods after the unified arrangements for transport, to some extent can achieve the scale of transport and reduce costs. The specific mode of operation can refer to Chart 2.1 and Chart 2.2.

Supplier 1 ← B2C forign trade

Supplier 2 enterprises

Supplier 3

......

B2C foreign → logistics

Supplier n → enterprise → enterprise

specify warehouse

foreign

customer
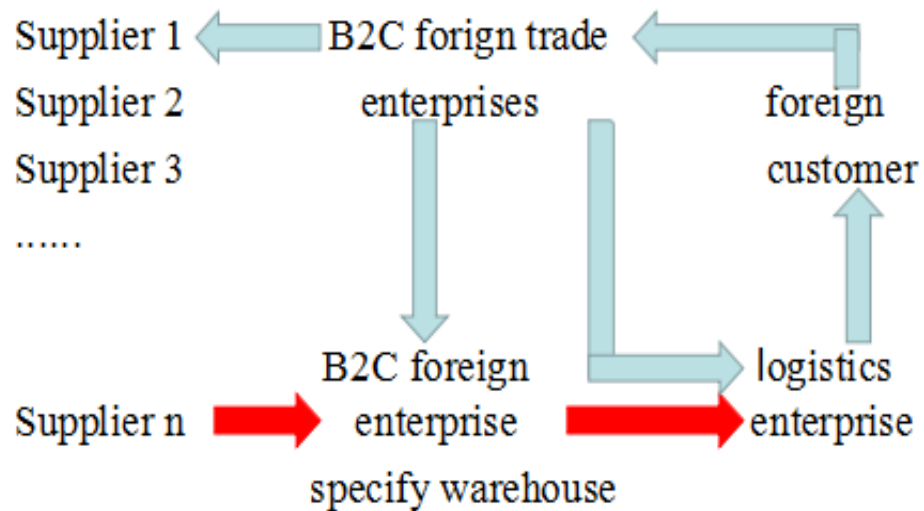
Chart2.1 – Foreign Trade Enterprises self-Shipment Mode:

the blue line represents the logistics, red line represents the flow of information

B2C Foreign Trade Enterprise 1 ←

B2C foreign trade

B2C Foreign Trade Enterprise 2 → enterprise alliance

logistics center

B2C Foreign Trade Enterprise 3                    forign customer

.......

B2C enterprise → logistics

→ alliance special → enterprise

B2C Foreign Trade Enterprise n        warehouse
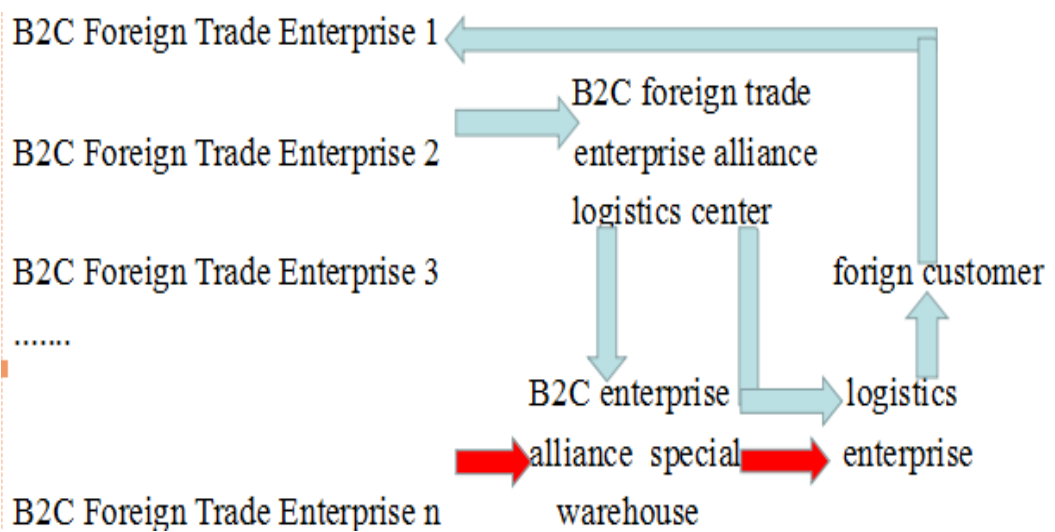
Chart2.2 – B2C Enterprise Alliance Cargo Mode:

the blue line represents the logistics, red line represents the flow of information

3. Third-party Logistics Warehousing/

In this mode, B2C business through the international logistics company or a third-party platform for the storage of goods, comparing with simply rely on courier company this model increase the process in a third-party logistics integration. So that the scale of

remote transport can be achieved. At present, the third-party platform to carry the logistics of "Alibaba's global quick sell through", this business in the foreign trade links can be greatly reduced, but also reduce the cost of overseas shoppers, in order to achieve win-win situation. The specific flow chart can refer to Chart2.3 and Chart2.4.



Chart 2.3 – International Logistics Company Shipping Mode:
the blue line represents the logistics, red line represents the flow of information
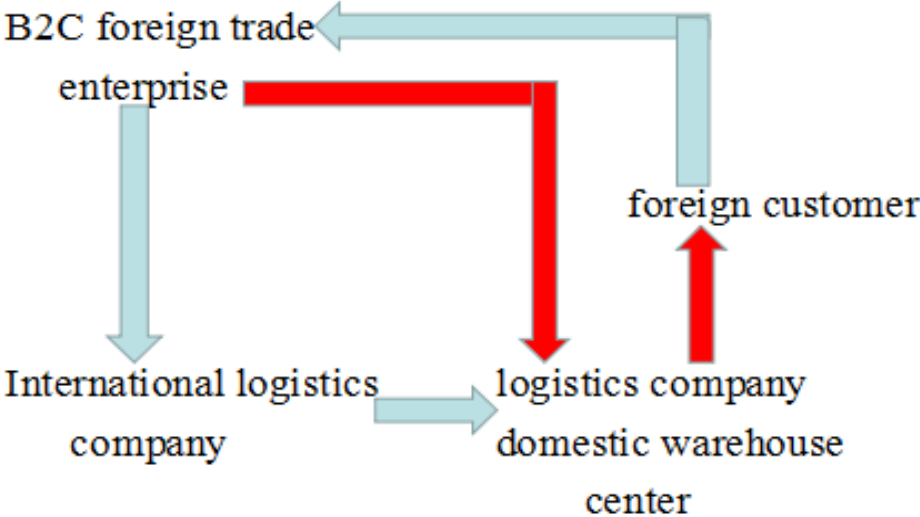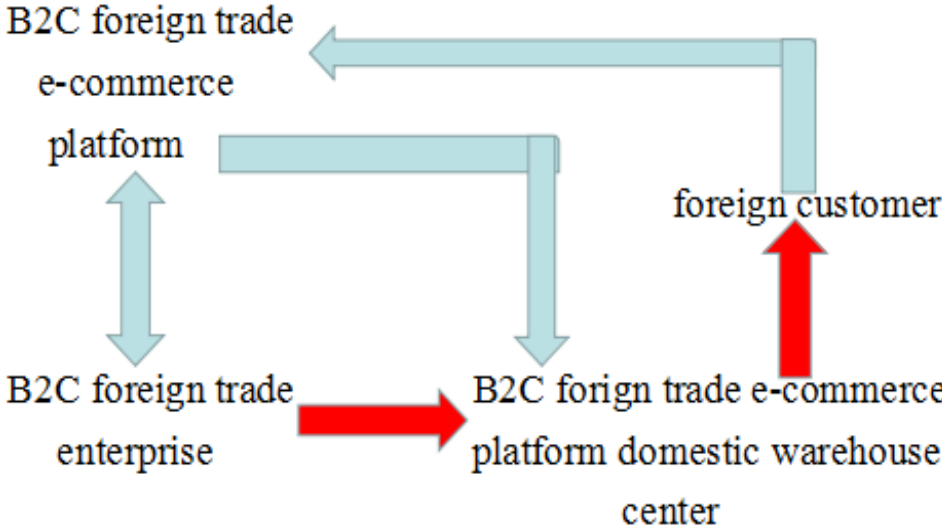


Chart 2.4 – Foreign Trade B2C Platform Carrier Mode:
the blue line represents the logistics, red line represents the flow of information

4. Overseas Warehousing

In the overseas warehouse this model, the Chinese B2C businessmen through the past experience, shipped amount of goods to the Russian warehouse in advance, and then after finished orders in the Russian buyers, it can immediately delivery, in this case, the Russian customer Satisfaction and transaction success rate has been a certain degree of rise.Currently, including the "fourth party courier", "accessible world", most of the Chinese B2C sellers have begun through the network platform, or a separate international logistics service providers to contact. It can also be seen that overseas warehousing as a new mode of logistics and distribution has begun to develop rapidly.

On the above several types of logistics and transport model comparison, the B2C enterprises should think mainly from the cost factor, risk factor, speed factor which are the most important elements in cross-border logistics. From the cost point of view, the cost of ordinary postal delivery and overseas warehouse are higher, and the cost of foreign trade B2C corporate shipments and Third-party Logistics Warehousing are relative low, which can better play scale efficiency.

From the risk point of view, mainly think goods in the hands of businesses or customers, such as ordinary postal delivery in this way the risk of B2C sellers is greater, but for B2C corporate shipments and Third-party Logistics Warehousing, the sellers can have higher degree of control, at the same time, the logistics process of the risk is low. From the speed point of view, ordinary postal cross-border delivery and overseas warehouses are undoubtedly relatively fast, and corporate shipments in general, it will be slower than the third-party logistics warehousing.

In addition, there are several important aspects of the logistics process design, including the logistics enterprises' control for the way of transport of goods as well as the types of goods and the degree of service, as well as the final logistics company for the collection of feedback information. Table 2.1 is the detail comparison of this four types logistics. A foreign trade B2C enterprises for the choice of logistics and distribution model, the need to consider the background of the business, the nature of the goods, the target market demand and other circumstances, finally to choose the enterprise logistics and distribution model [11].

Table 2.1 – Comparison of B2C Logistics and Distribution Mode in Foreign Trade

| Mode | Ordinary Postal Delivery | Foreign Trade B2C Corporate Shipments | | Third-party Logistics Warehousing | | Overseas Warehousing |
|---|---|---|---|---|---|---|
| | | Foreign Trade Enterprises self-Shipment Mode | B2C Enterprise Alliance Cargo Mode | International Logistics Company Shipping Mode | Foreign Trade B2C Platform Carrier Mode | |
| cost | higher | general | lower | lower | lower | higher |
| risk | higher | lower | lower | general | general | lower |
| convenient | higher | higher | higher | higher | higher | higher |
| fast | higher | lower | general | higher | higher | higher |
| control | lower | higher | higher | general | general | higher |
| Service depth | lower | general | general | general | higher | higher |
| Information feedback | lower | higher | higher | general | higher | higher |

Conclusion:

Logistics system between China and Russia is also very significant factor to influence the development of China and Russia B2C E-Commerce trade. According to the form of service, it can be divided into postal services and green service, especially postal service occupy the most of logistics market. But it often caused a lot of package congestion and delay delivery, the expensive delivery fees problems. And the logistics companies between China and Russia are trying to deal with these problems. At present, the main logistics and distribution methods, including ordinary postal delivery, foreign trade B2C corporate shipments, third-party logistics warehousing, and overseas warehousing. It need to consider the background of the business, the nature of the goods, the target market demand and other circumstances to choose the enterprise logistics and distribution model.

2.3 Payment system factor

In recent years, with the development of B2C mode of foreign trade, the international small-sum trade has developed rapidly, and the corresponding cross-border payment methods have become more and more diversified. Payment is another important barriers for B2C market between China and Russia. Currently Russia is still a Cash-dominated Economy. Russians still have wide distrust of Online Payments. According to the chart 2.5, almost 69% Russian people prefer to pay on cash. In economically backward areas, many Russians' credit cards can not even pay online, even if they can open online payment, the users also have to go through the bank's complex audit procedures [39]. At present, Russia's payment habits are still based on cash-based statistics, cross-border e-commerce in China and Russia in the payment of cash pay occupy the highest proportion of online shopping. In addition, a slow cycle rate of withdrawal of funds has become a problem that plagued Chinese e-commerce enterprises.
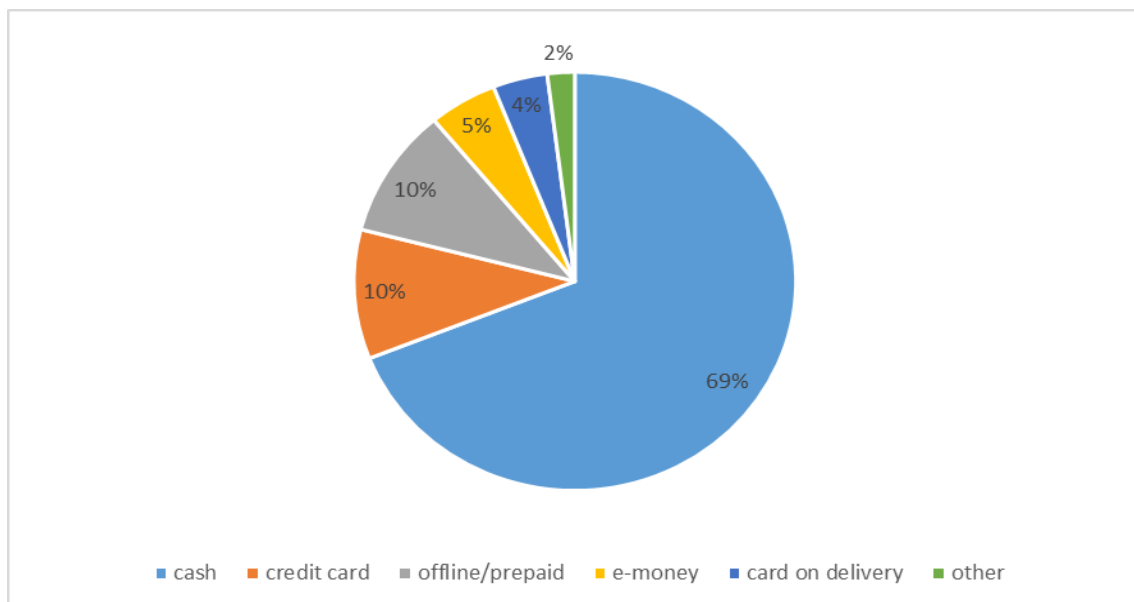


Chart2.5 – Online payment preference in Russia

At present, China's cross-border e-commerce mainly adopts the cooperation with Russian local logistics companies, by the local company on behalf of the delivery and payment collection, and then transfer the funds back to the Chinese e-commerce

enterprises. The disadvantages of that is from the buyer order the goods to the final cash to the Chinese enterprises, as long as 2,3 months, elongated the capital withdrawal cycle, it increase the difficulty to the electricity supplier operations [12]. In addition, most of the export commodities are unable to settle foreign exchange due to the package of Chinese e-commerce. As a result, the majority of merchants' sales proceeds are returned to China through gray channels, increasing the risk of capital security. At present, the Russian government and related enterprises are all increasing the efforts of online payment. With the development of online payment and the problems which hinder the development of cross-border e-commerce between China and Russia will be gradually solved.

In 2017, the cross-border e-commerce between China and Russia has taken various forms such as online and offline payment through cooperation with third-party payment platforms. In online payment, the cross-border large-scale electricity supplier of China and Russia has cooperated with Russia's mainstream payment system, such as WebMoney, Yandex Money and PayPal. In addition, AliExpress has opened up mobile payment service [13].

Currently, the main online payment tools in Russia are: Webmoney, Yandex.Money, Qiwi Wallet, RBK Money, and Robokassa. Among them, Webmoney is Russia's most popular third-party payment tool, with a large number of users and a wide range of applications; Qiwi Wallet is Russia's largest third-party payment tool, similar to China's Alipay, buyers can recharge, is more trusted by Russian consumers Payment tools.. If China's e-commerce companies want to quickly seize the Russian market, they must focus on promoting the key to speeding up the development of payments by relevant Russian parties.

These days there several types of payment systems credit/debit cards, on-line payment systems like PayPal. Smart2Pay, WebMoney. etc.. bank/credit transfer cheque, cash on delivery, payment by mobile phone. The most popular payment systems are debit/credit cards, online payment systems and cash on delivery. The share of cash on delivery is pretty big. In Europe it is 20%, but in developing countries such as Russia. For example, this figure is up to 50%. In comparison to the traditional payment

methods. e-payment systems have several advantages: security, reliability, stability, anonymity. acceptability privacy, efficiency, and convenience [38]. However cash on delivery is still one of the most preferable methods of payment in many countries. The reasons o underuse of electronic payment systems were widely discussed. Three main problems have been identified. According to The Gartner Group 95% of customers are concerned about privacy and security when using e-payment systems. Most of them are worried to lose their money [37]. The second problem is inconvenience of usage of most e-pay systems. Complex and time-consuming procedures very often become a huge barrier on the way of using the system The third problem concerns the fear of making mistake in the on-line payment. Due to the lack of understanding of technical characteristics of the process and lack of experience, a lot of potential customers w not choose a certain way of payment. Zhang H, identified another problem. which concerns not the payment systems themselves, but the seller and the product characteristics. He found out the relationship between seller's trustworthiness and certainty of the product characteristics with the payment methods chosen by the customer. The less customer trust the seller and the less sure about the quality of the product he is the more certain that he will choose the "pay on delivery method al. That is easily explained by the psychological factor. Customers just do not want to lose money until they are sure that the product is delivered and that it is of a good quality. The trust in this case is again the crucial issue.

2.4 Trust issues and credit of the seller factors

Trust appears to be one of the greatest barriers of international electronic trade it was thoroughly investigated by the researches from every possible angle of view [14].The reason for appearing of this barrier lies in the nature of cross border electronic trade. In the international e-commerce market buyers, sellers and products a separated by time and distance. Potential customers can't test the product which they are willing to buy, they do not know how it will look like in the real life [15]. This tells about high risks and uncertainty involved into the process of cross-border on line shopping and

makes trust a very serious issue of e-commerce [16]. The research made by scientists show that perceived trust is an even more important factor than perceived price for both repeat and potential customers. Another aspect of trust issue concerns the cultural difference between seller and buyer. Chinese scholars made a research on the influence of social grouping on trust building within international electronic trade [17]. According to this theory, people trust more those, with whom they have common identity, which means the same social group, personality, culture, etc. In this case, internet companies on the national market have a more preferable position in comparison with the foreign e- commerce companies.There are many ways of attaining trust worthy on the international e- commerce market. One of the most popular ones is the system of reviews, investigated by Korfatis N.and E.Garcia- Bariocanal [18].

Many on-line shopping websites allow their repeat customers to leave a review on the quality of their goods and services, their feedback and suggestions. This allows potential customers to find more information about the product and more believe the credit of sellers and make their decision concerning their intention to buy it. Another way is a system of ratings, discussed by Chinese scholars. That is very popular on the on-line shopping platforms such is eBay, Ozon and Taobao. Every customer after receiving their goods is asked by the system to rate the company and the product. Then the customers' ratings are summarized and every company receives a certain status.Taking eBay, for in stance, they use stars of different colors to identify the status of the seller. Taobao makes use of heart diamond "crown", golden Crown to denote different seller trust levels [19]. All these techniques help customers to realize if the seller is trustworthy or not. However these days this system does not work properly, due to the appearance of a new phenomenon, which is called "trust fraud".The reason of appearing of this phenomenon is a companies' desire to quickly promote their on- line shops.In order to do this, they developed a lot of ways of artificially increasing their ratings[20]. In fact there already a large gray market of internet trust fraudsters. According to the research, the situation on eBay is not so bad; nevertheless many sellers try to illegally boost their status. But the situation on Taobao is terrific. According to the available statistics, there are about 1,000 active trust fraud companies that are operating

inside the Taobao system at present. The whole trust fraud market on Taobao is estimated to worth about US$160million. This phenomenon makes the trust issue even more severe.

## 2.5　Government policies and laws

For the development of one thing, the support of national policy is very important. In the field of cross-border e-commerce, China has made efforts to improve the financial environment of the trade environment and tariffs. In December 2012, Zhengzhou and Shanghai and Chongqing as a pilot for the national cross-border e-commerce service, the city started its work. This activity was jointly conducted by NDRC(national development and reform commission) and the General Administration of Customs to conduct cross-border e-commerce experiments. It provided experiences for the development of cross-border e-commerce between China and Russia. In August 2013, the State Council promulgated the "Notification of E-Commerce Retail Export" has formulated a specific solution to the problems of retail inspection and quarantine inspection of export-oriented enterprises in the sea [21]. In order to strengthen the cross-border trade of electronic commerce inbound and outbound goods and articles of supervision management, and promote the friendly development of cross-border e-commerce. In 2014 the General Administration of Customs announced on the cross-border trade of electronic goods import and export customs matters related to regulatory announcement, with the introduction of a series of policies Cross-border e-commerce system in this area will continue to improve and has greatly contributed to he sustainable development of cross-border e-commerce.

Chinese government develop policies to promote the development of cross-border e-commerce in Russia can be proceed from the three points : the first is to reasonably reduce the relevant taxes, the introduction of special bonded policy, in terms of business, higher tax is difficult to allow them to have the courage of exporting products and appropriately lowering the tax revenue will attract more enterprises to conduct cross-border e-commerce. Secondly, they will introduce relevant domestic enterprises'

protection measures and coordinate with some of the enterprises in China in the event of an international transaction dispute, to protect enterprises from unreasonable treatment. Thirdly, followed by the introduction of more stringent customs control policies, strict inspection of goods acceptance and release to ensure the political and economic security of the country.

In 2014, Russia promulgated a new policy on customs to protect the local e-commerce industry. Earlier, the Chinese e-commerce in the form of small packages is not taxable. The new customs policy of Russia has been put in place and the inspection of imported goods used for personal use has begun to be stepped up. Tariffs of 10% for packages sent by each foreign shop are planned. As the Russian customs policy adjustments also affect the logistics industry, resulting in commercial courier companies in Russia more complicated delivery process. Russia's Commercial Express Alliance decided to suspend the courier company's personal parcel business in Russia. DHL UPS and other international courier giant have stopped sending express packages to ordinary citizens in Russia, MPS said the delivery of the Russian residents will be put off. The implementation of these new policies has had a negative impact on China's cross-border e-commerce [13]. At present, Russia Customs only imposes a 30% tariff on parcels weighing more than 31kg and declarations worth more than $ 1,000, but not less than 4 euros per kg. However, if the implementation of each foreign parcel sent by the collection of tariffs of 10%, will inevitably increase the purchase cost of consumers, affecting the purchasing power of consumers. This kind of measure is bound to be a blow to the Chinese foreign trade e-commerce facing the Russian market, and extremely beneficial to the domestic e-commerce industry in Russia. After the adjustment of the Russian customs policy proposed to foreign e-commerce companies to send parcel tax collection, and to strengthen the purchase of imported goods to individuals inspection process "The imposition of tariffs will inevitably increase the cost of goods, thereby reducing people's purchasing power. This will not help the development of cross-border e-commerce between China and Russia. The Chinese and Russian governments should step up cooperation and coordination, help each other and find a mutually beneficial solution.

2.6 Economic situation factor

In recent years, the growth rate of cross-border e-commerce users in Russia country has been staggering. The increase in the number of users entering the market has brought great vitality to the market and brought tremendous competitive pressure. Cross-border e-commerce brands want to gain profit in the market, gain a firm foothold, cross-border e-commerce is not a magic weapon for corporate profits, the risks are also beginning to gradually increase. As far as the current cross-border fields between China and Russia are concerned, fluctuations in the exchange rate of Russia's economic conditions have a significant impact on some cross-border e-commerce providers.

According to the chart2.6, we can see that the ruble has fluctuated greatly this year [28].



Chart 2.6 – Russian Ruble（RUB）lo Chinese Yuan Renminbi（CNY）2015 History

The cross-border e-commerce brand of China and Russia is currently losing a lot due to the sharp drop in the exchange rate of rubles. For some self-operated B2C that accept ruble payments, rubles paid by Russian users go directly to their bank ruble account. A sharp drop in the ruble exchange rate also means that the CNY exchanged back by bank settlement will also have a direct impact the final profit.

According to industry insiders who work on cross-border logistics in Russia, the devaluation of the ruble may cause a rise in the prices of various cross-border logistics channels because of factors such as rising prices of domestic goods and rising labor costs associated with ruble devaluation, which will increase logistics services. The

price of business, while the cost of logistics is another major factor that restricts the rise of profit margins of cross-border e-commerce. Although there is no shortage of cross-border e-commerce consumer base and market potential, but for now, there are still cross-border e-commerce market in China such as transaction ownership management, market access to the main transaction, the payment agency foreign exchange management and regulatory responsibilities Policy deficiencies, bottlenecks in operation such as the difficulty of auditing the transaction authenticity, difficulties in declaring the balance of payments, and the lack of management of the foreign reserve fund account. These problems have created more difficulties for cross-border e-commerce operators.

The risk of fluctuations in the exchange rate of ruble also brings with it some new opportunity for China and Russia B2C market. In the case of unstable ruble exchange rates, the future of Russian consumers will be more price sensitive, they will also favor online shopping, especially online shopping for Chinese products [22]. Western products, which become more expensive and Russia does not have a homegrown manufacturing market, the market is bound to be filled with affordable Chinese imports. Because people do not stop being dressed and using smart-phones for their needs. The unstable exchange rate of rubles not only helps the transfer of the price, but the price sensitivity means new opportunities for Chinese sellers and more opportunities for cross-border electricity suppliers to reduce their marketing costs.

2.7 Searching engines factor

Data shows that at present, China's e-commerce enterprises in the development of the Russian market, in language and logistics there is still huge space for improvement. In Dragon net, the specific product description is only English. This situation naturally attracted the attention of the Russian Internet giant Yandex, as Russia's largest search engine, Yandex has been called "Russian version of Google", not only because of its huge user base and a wide range of business, but also because it almost is synonymous with the Internet in Russia.

According to reports, Yandex was founded on September 23, 1997, the initial goal is to make the computer really understand Russian. Accurate control of Russian has become Yandex core competitiveness was able to exceed Google. For example, "hat" is a simple daily necessities, there are six corresponding words in Russia. If you search for these six words at Yandex, Yandex points to the same result; on other search engines like Google there are totally six different results. In addition, while Yandex is focused on search development, it has become a multi-service platform through its history development company. At present, Yandex has more than 50 services and covers almost all businesses on the Internet.

May 2011 Yandex Initial Public Offering on New York's NASDAQ Stock Exchange, Initial Offering Raised to $ 1.3 Billion. Yandex shares on NASDAQ stock abbreviation are YNDX. In 2012, Yandex began to invest in China through an agency model. According to the Yandex International Advertising Department, the number of ads that Chinese cross-border sellers put on Yandex has doubled every year. According to Cai Xuefeng introduction, cross-border e-commerce in Russia's best-selling products are mainly 3C electronics, shoes and apparel, children's products, beauty, home, etc., most of the rigid demand.

Yandex opened a "Yandex Market" platform in 2000 year. On this platform, the system can selects users of foreign e-commerce websites for users, and presents it to users in a localized way like Russian text, ruble prices, etc. When the user makes the purchase, he / she clicks and jumps to the original product page of the foreign e-commerce website, which can be paid online by bank card or by Yandex.Money payment method. The important suggestion is to ensure the availability of product information on Russian search engines, such as Yandex. ru, or Russia network, VK.com, and use it as an important channel for product promotion. This approach helps Russian customers understand the popularity of the product in the Chinese market, but also conducive to the product in Russian customers have a good response. Russian social media participation exceeds the global average. This tendency to use social media can not be ignored, and it is a good means for e-commerce to touch customers. In 2015, about 51% Russian citizens would choose to follow their favorite brands or retailers on

social media. Chart 2.7 is the occupation of Russian people favorite social media, the most favorite social media of Russian people is VK.com.
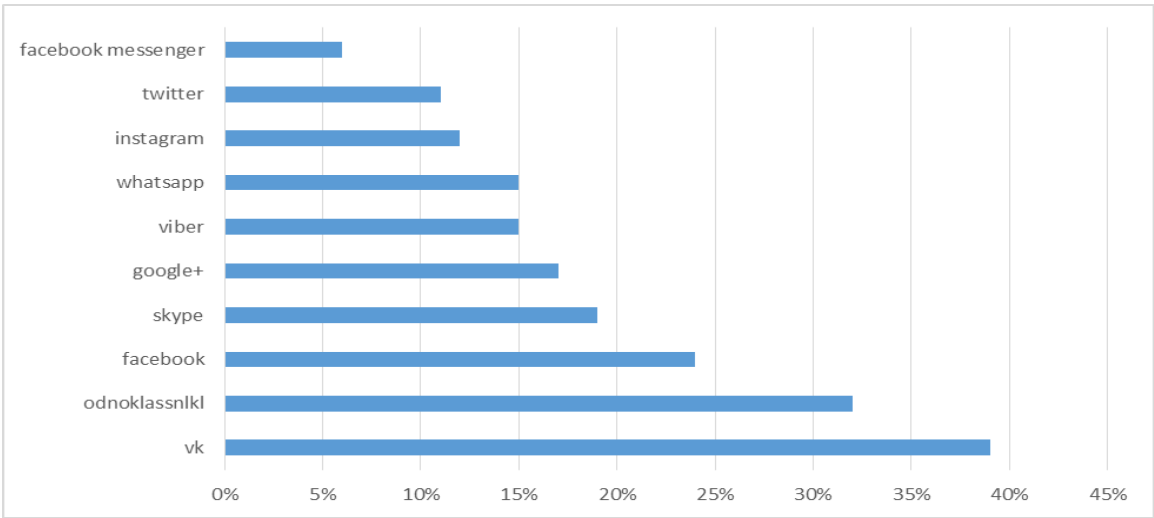


Chart 2.7 – Russia social media / messaging app user penetration in 2015

2.8 Custom clearance factor

Another difficulty encountered is the China and Russian cross-border clearance, because Russia is in accordance with the customs import and export volume to the conventional configuration of personnel and customs infrastructure, faced with a flood of foreign small package, whether it is manpower, facilities, or the original package clearance process, are not enough to deal with, so the consequence is that it need a long time for custom clearance, a large number of parcel backlog at the customs.

With too many products and too many varieties, most of the packages need more than 40-80 days to deal with. The second problem of customs clearance is that most of foreign products are adopt Grey customs clearance to enter into Russia, so that inbound goods have no legal identity, security of the products is not guaranteed. Due to historical reasons, there is a gray area in China's exports to Russia, which has a certain impact on the China and Russian e-commerce trade environment standardization, the realization of the bilateral heads of state's 2015 bilateral trade volume of 100 billion dollars, and the realization of the target of 200 billion US dollars in 2020 [36]. The Russian government

has issued documents and measures to regulate the market many times. In 2009, it even forced the closure of Cheel Guizo's container market to crack down on Grey customs clearance. But up to now, the phenomenon of gray clearance is still continuing. In fact, this phenomenon is constantly banned because of the advantages and disadvantages of the Grey and white customs clearance.

The third problem of customs clearance is the safety of goods, and even a lot of loss of goods, and the Russian customs lack the safety settlement mechanism and plan for cross-border goods. Fourth, because most of the export goods are parcels, the electricity providers can not normally collect the foreign exchange, and they can't get the tax rebate. Most of the sales proceeds go back to China through Grey channels, which is both risky and illegal. This situation may not be able to change in a short time. China's cross-border electricity providers can try to alleviate the problem by redesigning the operation mode and selecting customs clearance with strong customs clearance capabilities.

Summary of the second chapter

After research many secondary data from internet and book, the writer analyses the main influencing factors in the development of China and Russia B2C e-commerce. The chapter2 is the detailed analysis of main influencing factors in the development of China and Russia B2C e-commerce trade. The result of chapter 2 is that the main influence factors of development between China and Russia in the B2C market are language and culture barrier factors, logistics system factor, payment system factor, trust issues and credit of the seller factors, government polices and laws, economic situation factor and searching engines factor. Among the main influence factors, which one is the more important influence factor, in fact, which one will really influence the the development of China and Russia B2C e-commerce trade, the writer decide to do two surveys between Chinese sellers and Russia customers in order to further investigation which present in chapter 3.

# 3 PRACTICE INVESTIGATION AND ANALYSIS OF THE INFLUENCE FACTORS OF THE E-COMMERCE DEVELOPMENT BETWEEN CHINA AND RUSSIA IN THE B2C MARKET

## 3.1 The Theories of research model

In this paper, the writer use mean value analysis methods, factor analysis methods, correlation analysis methods, linear regression analysis methods to analyze the collected data.

Mean value analysis is a statistical procedure to diagnose industrial processes and analyze the experimental design results at various levels [23]. It provides graphical display of data. A scientist developed the program in 1967 because he observed that statisticians were hard to understand analysis of variance. Mean analysis is easier for quality practitioners because it is an extension of control charts. In 1973, the other scientist expanded this approach to allow mean analysis to be used for non normal distributions and for counting data not suitable for two distributions. Mean analysis refers to the analysis of the mean of the processing effect. The premise of the analysis of variance is harsh, and the actual case is often not consistent. The mean analysis is an approximate analytic method, which can be understood as non-parametric statistical category [24]. Mean value analysis is a measure of the central tendency of the data set, it will help to identify average opinion of the sample. In this paper, the writer want to use mean value analysis method to identify the average opinion about the most important factors for the development development of China-to-Russia B2C e-commerce trade.

Factor analysis is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors [25]. For example, it is possible that variations in six observed variables mainly reflect the variations in two unobserved (underlying) variables. Factor analysis searches for such joint variations in response to unobserved latent variables. The observed variables are modeled as linear combinations of the potential factors, plus "error" terms. Factor analysis aims to find independent latent variables. Followers of

factor analytic methods believe that the information gained about the interdependent between observed variables can be used later to reduce the set of variables in a data set. Factor analysis is not used to any significant degree in physics, biology and chemistry but is used very heavily in psychometric personality theories, marketing, product management, operations research and finance. Users of factor analysis believe that it helps to deal with data sets where there are large numbers of observed variables that are thought to reflect a smaller number of underlying/latent variables. It is one of the most commonly used inter-dependency techniques and is used when the relevant set of variables shows a systematic inter-dependence and the objective is to find out the latent factors that create a commonality.

The factor analysis becomes more and more popular in analyzing data, it helps to clarify its structure, identify the most important factors and define relationship between factors and variables. In this paper, the writer pay attention to use factor analysis in order to identify the most important factors for the development development of China-to-Russia B2C e-commerce trade.

The correlation analysis is whether there is a certain dependency relation between research and the specific phenomenon, there is the phenomenon of dependency relation to investigate the direction and degree of correlation, is a statistical method to study the relationship between the random variables [26]. Correlation is a term that refers to the strength of a relationship between two variables. A strong, or high, correlation means that two or more variables have a strong relationship with each other, while a weak or low correlation means that the variables are hardly related. Correlation analysis is the process of studying the strength of that relationship with available statistical data.

In this paper, correlation analysis is used to identify relationship between factors and dependent variable which is the customers' decision whether to buy or not to buy from Chinese on-line stores. In this research, we used correlation analysis methods as they can be used for analyzing non-parametric quantitative data with abnormal distribution.

linear regression is an approach for modeling the relationship between a scalar dependent variable y and one or more explanatory variables (or independent variables) denoted X. The case of one explanatory variable is called simple linear

regression. For more than one explanatory variable, the process is called multiple linear regression [25].

Linear regression analysis was used in addition to correlation analysis in order to define influence of the factors on the dependent variable. In this research, we can use methods to identify the influence of the factors on the development development of China-to-Russia B2C e-commerce trade.

SPSS (Statistical Product and Service Solutions) is the earliest statistical software that uses graphical menu driven interface in the world. Its most prominent feature is that the operation interface is very easy, and the output results are beautify effect. It displays almost all of its functions in a unified, standardized interface, using the Windows window side. It displays various functions of managing and analyzing data methods, and the dialog box displays various function options. SPSS process of statistical analysis including descriptive statistics, mean comparison, general linear model, correlation analysis, regression analysis, log linear model, clustering analysis, data reduction, survival analysis, time series analysis, multiple response categories, each category is divided into several statistical process, and each process also allows the user to select different methods and parameters. SPSS also has a special graphics system that draws graphics from data [27]. In this research, the purpose is to identify the influence of those factors on the development development of China-to-Russia B2C e-commerce market, according to SPSS software, we used mean value analysis methods, both qualitative and quantitative methods were used. The writer conducted two surveys, including the survey for Russian buyer and the survey for Chinese sellers. After that collected results were analyzed and decoded into statistical software package SPSS21.0. In order to analyze the collected data, the writer use mean value analysis methods, factor analysis methods, correlation analysis methods, linear regression analysis methods.

According to secondary data analyses, we can define the following factors influence the development of China-to-Russia B2C e-commerce trade, including culture difference, language barriers, searching engines, logistics system, payment system, trust issue, rating of the buyer, government politics and law, economic situation. We can see

it from table 3.1.

Table 3.1 – Factors Influence the development development of China-to-Russia B2C e-commerce trade

| Factors | Describe | Index |
|---|---|---|
| Culture difference | Importance of Russia local culture | X1 |
| Language barriers | Importance of Russian language on the Chinese on-line shop | X2 |
| Searching engines | Importance of availability of the products and web-sites on the Russian searching engines | X3 |
| Logistics system | Efficiency of the logistics system in terms of time | X4 |
| Payment system | Importance of availability of different types of payment system | X5 |
| Trust issue | Trust of customers for the sellers | X6 |
| Rating of the buyer | Importance of information of the buyer for the other customers who want to buy | X7 |
| Government politics and law | Politics and law between two countries influence development of B2C market | X8 |
| Economic situation | Economic situation and the change of exchange rate in the country while making on-line shopping | X9 |
| Whether buy from Chinese online shop | identify the most important factors for Russian customers' decision whether buy from Chinese on-line shop | Y |

## 3.2 SWOT analysis of the Influence Factors in the development of China to Russia B2C E-Commerce

SWOT analysis is used to determine the company's own competitive advantage, competitive disadvantage, opportunities and threats, so that the company's strategy and the company's internal resources, the external environment organically combine a

scientific analysis [3]. SWOT analysis is the main internal advantages, disadvantages and external opportunities and threats that are closely related to the research object., Through the investigation listed, and in accordance with the matrix form, and then use the idea of system analysis, the various factors to match each other to be analyzed, from which a series of corresponding conclusions, and conclusions usually with a certain degree of decision-making.

Based on the analysis of the above chapters, the SWOT analysis of China and Russian cross-border e-commerce development is carried out, and the Table3.2 is the following SWOT matrix.

Strength

1. China manufacturing industry is relatively perfect and developed.

The price of product is low, and type of products are relatively rich. The development of light industry in Russia is relatively backward, while China has a complete manufacturing industry chain and product category, and has a comparative advantage compare with Russia. Compared with western countries, Chinese products have the advantages of low price and high performance price ratio. Russian consumers through cross-border e-commerce platform for shopping the main value is lower commodity prices and rich product categories. Chinese goods have such advantages, has great appeal to consumers in Russia.

2. The rapid development of cross-border electronic business China business enterprise.

In recent years, according to the China electronic commerce research center monitoring data show that in 2015, China cross-border transactions amounted to 5. 4 trillion, an increase of 28. 6%, the emergence of a Jingdong, including Alibaba Ali-express mall global purchase and a number of well-known cross-border e-commerce enterprises. At the same time, "Orchid Pavilion", "Milan", "dragon network" and a number of emerging cross-border e-commerce supplier rapid rise. The cross-border business enterprise by providing information services, online trading platform and other various forms to achieve foreign B2C business, and the use of mobile APP and other

information technology to carry out cross-border trade ways, become a strong competitor of cross-border e-commerce market.

Table 3.2 - SWOT matrix of China and Russian cross-border e-commerce

| Strength(S) | Weakness(W) |
|---|---|
| 1. China manufacturing industry is relatively perfect and developed.<br>2. .The rapid development of cross-border electronic business China business enterprise | 1. Chinese business enterprise low price of serious competition<br>2. The difficult, low efficiency of logistics distribution in Russia<br>3. The Russian electronic payment penetration rate is low, the low efficiency of the payment link. |
| Opportunity(O) | Threat(T) |
| 1. The China and Russian economic and trade cooperation continues to deepen, many cross-border electricity policy is used for chines electricity suppliers.<br>2. The Russian cross-border online shopping users continues to increase, the rapid development of cross-border electricity supplier. | 1. The Russian currency devaluation, the uncertain economic outlook.<br>2. Fierce competition from Europe and the United States and Russia local electricity supplier.<br>3. Local protection policy of Russia. |

Weakness

1.Chinese business enterprise low price of serious competition.

In order to face with the fierce market competition and obtain more market share, most of China's e-commerce supplier enterprises include Ali-express take low price competition strategy. As of the end of 2013, Ali-express implement Russia the group purchase activities, which pointed out that many sellers to participate in the activities of rules is very strict, discount requirements are very high. Relying solely on low-cost tactics to compete for customers, not sustainable, will eventually lead to lower competitiveness of enterprises. In addition, most of the current Chinese cross-border electricity sales model is a typical "sell products", because most of the product design, function, shape and even price is highly similar. So the user choices are very large, it is

difficult to cultivate customer loyalty, is not conducive to the long-term development of enterprises.

2.The difficult, low efficiency of logistics distribution in Russia.

Russia has a vast territory, across Eurasia, the market is very dispersed, therefore, the logistics and distribution is relatively difficult, time consuming is too long. The most common way of postal delivery for goods to Russia, generally from the Chinese territory to the Russian border only 3 days, 10 days for customs clearance, domestic delivery limitation may be up to 15 days, before and after with about 28 days. Russia customs clearance procedures cumbersome, tariff confusion, and even customs clearance required special clearance company to charge. In addition, Russia's infrastructure, logistics network and postal sorting, delivery and other mostly stays in the years before the level of e-commerce in the face of inclusions surge, processing ability and experience serious shortage, leading to a large backlog of goods.

3.The Russian electronic payment penetration rate is low, the low efficiency of the payment link.

Although in recent years, Yandex Money and other online payment in Russia has been developing rapidly, but most of Russians prefer to pay using cash, usually don't choose the online payment, payment in cash is still the main method of payment on delivery. Its disadvantage is to order from buyers to partners, and eventually transfer the cash to Chinese enterprises, the time is 2 - 3 months, the cycle of capital returns is too long, which makes it difficult for the electricity supplier enterprises to operate.

Opportunity

1.The China and Russian economic and trade cooperation continues to deepen, many cross-border electricity policy is used for Chinese e-commerce suppliers.

With China "The Belt and Road", "international capacity cooperation", the implementation of the strategy, especially a comprehensive strategic partnership between China and Russia, China and Russian economic and trade cooperation to further deepen. In order to promote cross-border e-commerce regional coordinated development, China and Russia signed a memorandum of cooperation to promote cross-border business, actively promote the "Internet plus foreign trade strategy.

2.The Russian cross-border online shopping users continues to increase, the rapid development of cross-border electricity supplier.

Russia has more than 140 million of the population. According to data insight statistics, in 2015 the total number of online shopping in Russia reached 40 million, and at least 15 million people in foreign electricity supplier website consumption. According to the investigation of the Russian Electronic Commerce Association, the first quarter of 2015, the Russian residents of cross-border online shopping is 35 billion rubles, the first quarter of 2016, the Russian residents of cross-border online shopping spending up to 70 billion rubles, an increase of two times in 2015. In 2015, the number of cross-border online shopping parcels of Russian residents reached 26.4 million; in 2016, the number of cross-border online shopping parcels of Russian residents reached 48 million, is 1. 82 times in 2015, of which about 90% from the Russian cross-border online shopping goods from China, transaction amount accounted for all foreign Internet retailer 49%, Chinese business platform become the Russian people's favorable shopping shop.

With the rapid development of Russian electricity market and China government policy support on cross-border electricity supplier more and more Chinese enterprises to enter the Russian market, which will bring a strong impetus for the development of China and Russian B2C cross-border electronic commerce.

Threat

1. The Russian currency devaluation, the uncertain economic outlook.

In 2015 by the deterioration of the Russian economy, the devaluation of the ruble and falling commodity prices, the China and Russian bilateral trade volume dropped by 27. 8% compared with the previous year, China's exports to Russia fell by 34.4% compared with the previous year. 2016, the Russian economy has not been significantly improved, some foreign trade enterprises are still not optimistic about the Russian market. The devaluation of the ruble directly affects the Chinese cross-border business enterprise of Russian online retail, part of the Russian cross-border retail business enterprise can not bear the pressure brought by the devaluation of the ruble, began to

increase sales, resulting in a lot of customer loss, website conversion rate orders also fell sharply.

2. Fierce competition from Europe and the United States and Russia local electricity supplier.

With the rise of the Russian e-commerce market, more and more foreign e-commerce enterprises have entered the Russian market.Amazon, eBay and other world-renowned electricity providers to actively carry out cross-border shopping online business in Russia, in 2012, has more than 400 million U.S. dollars of goods sold through the eBay platform Russia. In addition, the rapid development of the Russian local electricity supplier website, Russia's largest business platform Ulmart, in 2015 amounted to 62 billion 700 million rubles, an increase of 11%, expanding the scope of operations to all 240 cities in Russia. Russia's veteran electricity supplier Ozon main sell books, electronic products, since 1998 on-line has been occupying the first place in the field of Russian B2C. Established in 2004, Wild-berries is an online sales platform for selling shoes and accessories native Russia, sales of about 100 thousand of footwear, apparel and accessories brand. These Russian local electricity supplier enterprises have become China's cross-border electricity supplier enterprises powerful competitors.

3. Local protection policy of Russia.

According to the independent trade monitoring service Global Trade Alert data, in the world in 2013 Russia released the most the policy of trade protectionism, accounted for the global current trade protectionism policy 20%. In 2014, Russia began to implement a new customs policy, to impose a 10% tariff packages online shopping, while increasing the restrictions for the free entry of cross-border online shopping parcels, parcels over the limit conditions of the tariff imposed its value of 30%. The implementation of the new customs policy has greatly increased the pressure on China's cross-border electricity suppliers to enter the Russian market.

3.3 Russian customer survey result

The survey for Russian customer include two parts:

The first part is about gender, age, education and monthly income of participants. Second is about whether the Russia customers have ever buy products from Chinese online shop. Third is about characterizes of online shopping from China in Russia customers' opinion, which aimed to know the Russian customers' attitude towards Chinese online shops.

The second part is about Which influencing factors are important while buying products from foreign online shop for the Russian customers. Through ask participants to estimate importance of each factor on their intention to buy from a foreign online shop.

Sampling for the Russian customers. The target population included every Russian who had made shopping from a foreign on-line shop. We chose mixed sampling method: snowball sampling was supplemented by quota sampling in order to make sure that the sample will represent a good cross section from the population. 10 random people were asked to fill out the questionnaire and then to assign 5 more people for participation in the survey, those respondents also were asked to find 5 more participants. However, every person had to assign 5 people, belonging to different age groups:<20; 20-30; 31-40; 41-50; 51-60; >60. These rules help to make the sample more representative. All in all 120 questionnaires has to be collected.

According to customer the survey, 60% survey respondents are female, 40% survey respondents are male. According to Chart 3.1, most respondents fall into age group of 20-30 years old about 65%, 25% respondents fall into age group of <20 years old. While age group of 31-40, 41-50, 51-60, >60 years old have only 4%, 1%, 0%.
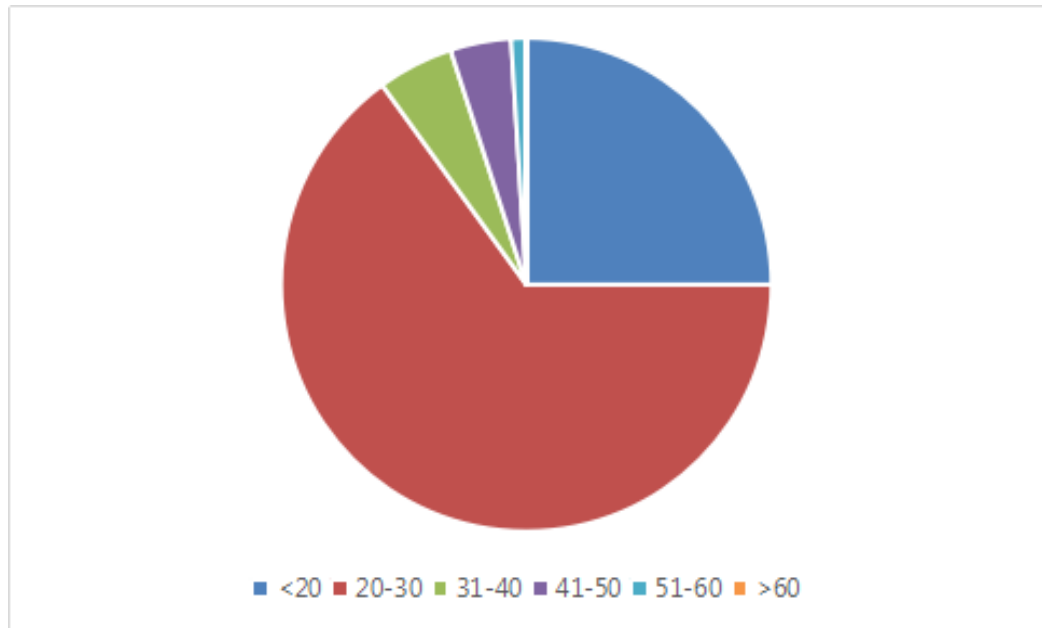
Chart 3.1 – Age Group of Customer Respondents

According to the Chart 3.2, most survey respondents from two income group: 30001-50000 rub, >50000 rub. People who earn 20001-30000 rub occupy 15% of respondents, while people who only earn less than 20000 rub only occupy 5% of respondents.
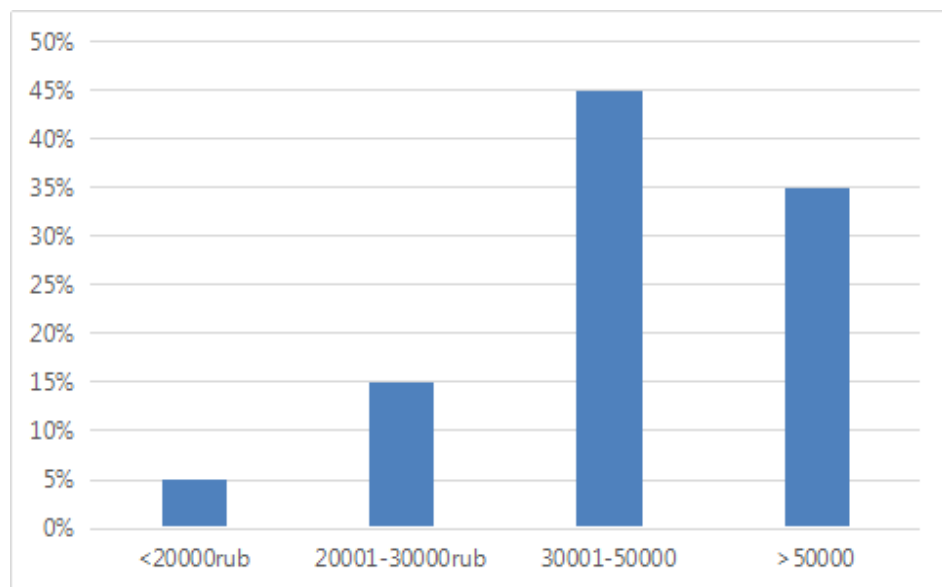


Chart 3.2 – Income Group of customer respondents

According to Chart 3.3, 78% survey respondents have bachelor degree, while 13% survey respondents have master's degree. People who have high school and phd degree only occupy 3% and 6% of respondents.
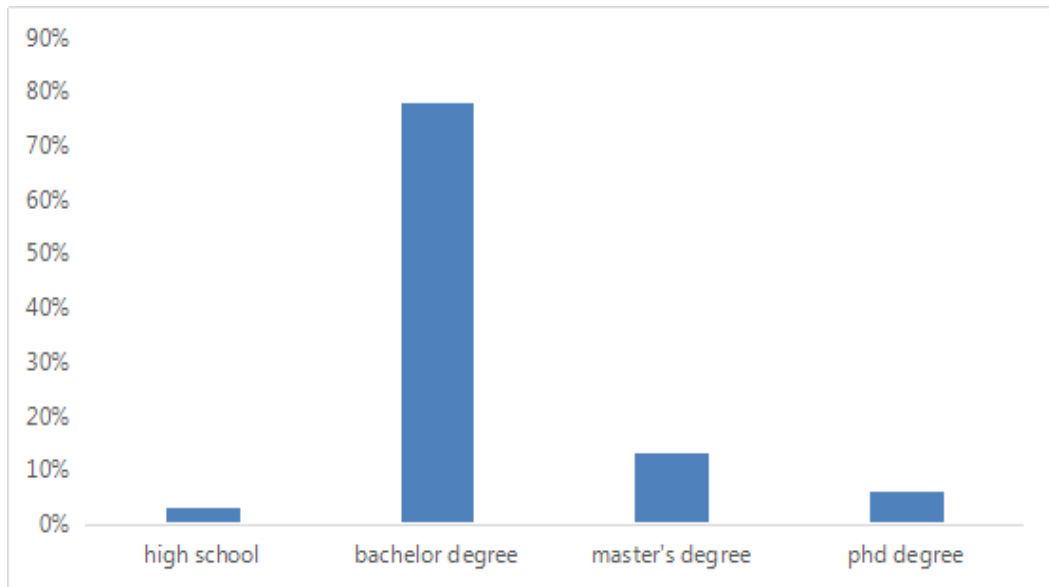
Chart 3.3 – Education Group of customer respondents

The multiple choice question on the customers' attitude towards on-line shopping from China according to Chart 3.4. Majority of the respondents have a positive attitude towards on-line shopping from China because of low price and rich type of products. 33% respondents think it is too long delivery products from China. 23% respondents keep negative attitude toward to on-line shopping from China because of low quality. Therefore, Chinese businessmen should try to improve their products quality in order to accept the more and more favor from Russian customers.



Chart 3.4 – Customers' attitude toward on-line shopping from China

The mean of values

The mean of values of importance of the factors to the customers is shown in the graph below (table3.3). According to it, the most important influence factors for the customers are language barriers, searching engines and payment system. Political and economic situation in the Russia have the least value for customers in contrast.

Table 3.3 – The Degree of Influence Factors for the Customers

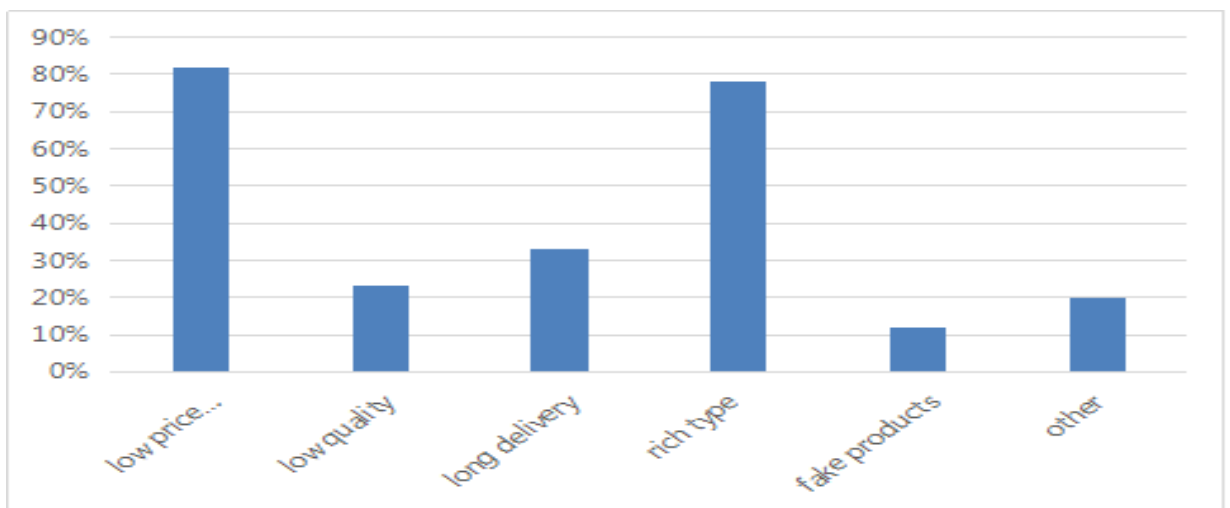| Mean Value Analysis | Culture difference | Language barriers | Searching engines | Logistics system | Payment system | Trust issue | Rating of the buyer | Government politics and law | Economic situation |
|---|---|---|---|---|---|---|---|---|---|
| Mean | 3,48 | 4,25 | 4,33 | 3,66 | 3,75 | 2,4 | 2,30 | 2,08 | 1,78 |
| Number of people | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Standard deviation | 0,621 | 0,612 | 0,537 | 0,692 | 0,736 | 0,606 | 0,656 | 0,729 | 0,772 |

Through factor analysis, we can find out that the most important factors of development China and Russian B2C e-commerce. On the table 3.4, Kaiser-Meyer-Olkin>0,60, and significant of using factor analysis p<0,05, so that we can understand that factor analysis is suitable for our data.

Table 3.4 – KMO and Bartlett Test

| KMO and Bartlett Test | | |
|---|---|---|
| Kaiser-Meyer-Olkin metric | | 0,603 |
| Bartlett Test | Approx.Chi-Square | 110.740 |
| | df | 36 |
| | Sig. | 0.000 |

According to the respondents values of importance of each factor, using principal component extraction from table 3.5, the 4 important factors have been detected, based

on eigenvalue criterion that explain 65,522% of the variance, which are culture difference, language barriers, searching engines and logistics system.

Table 3.5 – Principal component extraction

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loading | | | Rotation Sums of Squared Loading | | |
|---|---|---|---|---|---|---|---|---|---|
| | Total | Of Variance % | Cumulative% | Total | Of Variance% | Cumulative % | Total | Of Variance % | Cumulative % |
| Culture difference | 2.011 | 22.350 | 22.350 | 2.011 | 22.350 | 22.350 | 1.611 | 17.899 | 17.899 |
| Language barriers | 1.524 | 16.936 | 39.286 | 1.524 | 16.936 | 39.286 | 1.577 | 17.522 | 35.421 |
| Searching engines | 1.245 | 13.835 | 53.121 | 1.245 | 13.835 | 53.121 | 1.380 | 15.329 | 50.749 |
| Logistics system | 1.116 | 12.401 | 65.522 | 1.116 | 12.401 | 65.522 | 1.330 | 14.773 | 65.522 |
| Payment system | 0.695 | 7.724 | 73.247 | | | | | | |
| Trust issue | 0.678 | 7.535 | 80.782 | | | | | | |
| Rating of the buyer | 0.618 | 6.861 | 87.643 | | | | | | |
| Government politics and law | 0.588 | 6.533 | 94.176 | | | | | | |
| Economic situation | 0.524 | 5.824 | 100.000 | | | | | | |
| Extraction method: Principal component analysis. | | | | | | | | | |

As long as we have non-parametric factors, non-parametric correlation analysis methods has been used. Spearman's correlation coefficients indicate that the five factors

which are culture difference, language barrier, search engines, rating of the buyer and economic situation have the high correlation with customer's decision whether to buy or not to buy from Chinese on-line shops, according to table 3.6, significance level p<0,01 or p<0,05, proves that results are significant. It should be mentioned, that language barrier factor is more correlated with customer's decision whether to buy or not to buy from Chinese on-line shops than the other four factors which have high correlation.

Table 3.6 – Spearman Correlation Analysis

| Spearman's rho | | customer's decision whether to buy or not to buy from Chinese on-line shop |
|---|---|---|
| Culture difference | Correlation Coefficient | $0.236^{**}$ |
| | Sig. | 0.010 |
| | N | 120 |
| Language barriers | Correlation Coefficient | $0.504^{**}$ |
| | Sig. | 0.000 |
| | N | 120 |
| Rating of the buyer | Correlation Coefficient | $-0.286^{**}$ |
| | Sig. | 0.002 |
| | N | 120 |
| **. when the significance level <0.01, the correlation is significant.. | | |
| Searching engines | Correlation Coefficient | $0.211^{*}$ |
| | Sig. | 0.021 |
| | N | 120 |
| Payment system | Correlation Coefficient | 0.028 |
| | Sig. | 0.762 |
| | N | 120 |
| Trust issue | Correlation Coefficient | -0.158 |
| | Sig. | 0.085 |
| | N | 120 |

End of table 3.6

| Spearman's rho | | customer's decision whether to buy or not to buy from Chinese on-line shop |
|---|---|---|
| Government politics and law | Correlation Coefficient | -0.133 |
| | Sig. | 0.146 |
| | N | 120 |
| Economic situation | Correlation Coefficient | -.206* |
| | Sig. | 0.024 |
| | N | 120 |
| *. when the significance level <0.05, the correlation is significant. | | |

## Table 3.7 – Linear Regression Analysis Coefficients

| Model | Non-standardized Coefficient | | Standardized Coefficient | t | Sig. | Common line statistics | |
|---|---|---|---|---|---|---|---|
| | B | Standard error | | | | Tolerance | VIF |
| (constant) | -1.446 | 0.525 | | -2.753 | 0.007 | | |
| Culture difference | 0.116 | .062 | 0.151 | 1.872 | 0.064 | 0.922 | 1.085 |
| Language barriers | 0.336 | .065 | 0.431 | 5.144 | 0.000 | 0.858 | 1.165 |
| Searching engines | 0.110 | .071 | 0.124 | 1.547 | 0.125 | 0.942 | 1.061 |
| Rating of the buyer | -0.072 | .062 | -0.099 | -1.166 | 0.246 | .832 | 1.202 |
| Economic situation | -0.020 | .052 | -0.033 | .393 | 0.695 | 0.865 | 1.156 |
| a. Dependent Variance: customer's decision whether to buy or not to buy from chines eon-line shop | | | | | | | |

Linear regression analysis has been made in order to find out which of the factors identified in the correlation analysis have the greater influence on the customers' decision whether to buy or not to buy from Chinese on-line shop. The significance level $p < 0.1$, which proves the factors are significant. According to table 3.7, we can find only language barrier has a significance effect on customers' decision whether to buy or not to buy from Chinese on-line shop.

3.4 Chinese seller survey result

The survey for Chinese seller include two parts:

The first part is about how long do Chinese sellers operate on the Chinese and Russia B2C market. Second is to find out participants' opinion on the tendencies of the Chinese and Russia B2C market.

The second part is about Which influencing factors are important for successful operating on China and Russian B2C e-commerce market. Through ask participants to estimate importance of the factors on the successful operation on the market.

Sampling for the Chinese seller. The target population included all Chinese merchants engaged in electronic trade within Russian B2C sector. Chinese on-line shopping platform Ali-express.ru was chosen as a sampling frame. We chose quota sampling method, in order to make sure that the chosen sample is truly representative of the entire population. All in all 120 surveys has to be taken.

According to seller survey, 78% survey respondents working for China and Russian B2C e-commerce less than 3 years, while 20% survey respondents working for China and Russian B2C e-commerce about 3-5 years. Only 5% respondents working for China and Russian B2C e-commerce about5-8 years. No one appeared to work in the segment for more than 8 years. Results are show on Chart 3.5.
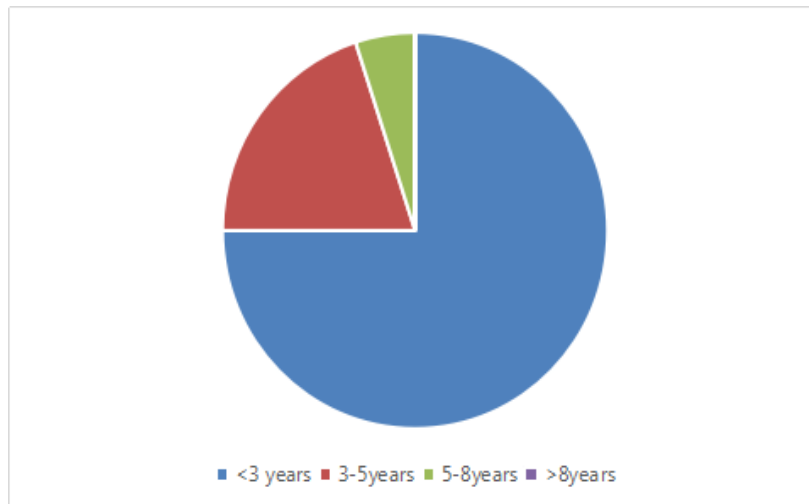
Chart 3.5 – Chinese seller working time for China and Russian B2C e-commerce

The seller survey about market tendencies help us to identify the sellers' perception of the market situation, which are very optimistic. Chart 3.6 show the results: 72% respondents keep positive attitude towards to market tendencies. 20% respondents think the main tendencies for China and Russian B2C e-commerce in the future will slowly develop. 6% respondents believe the market is stagnating, while only 2% respondents keep negative attitudes towards the market, even believe that market is decreasing.
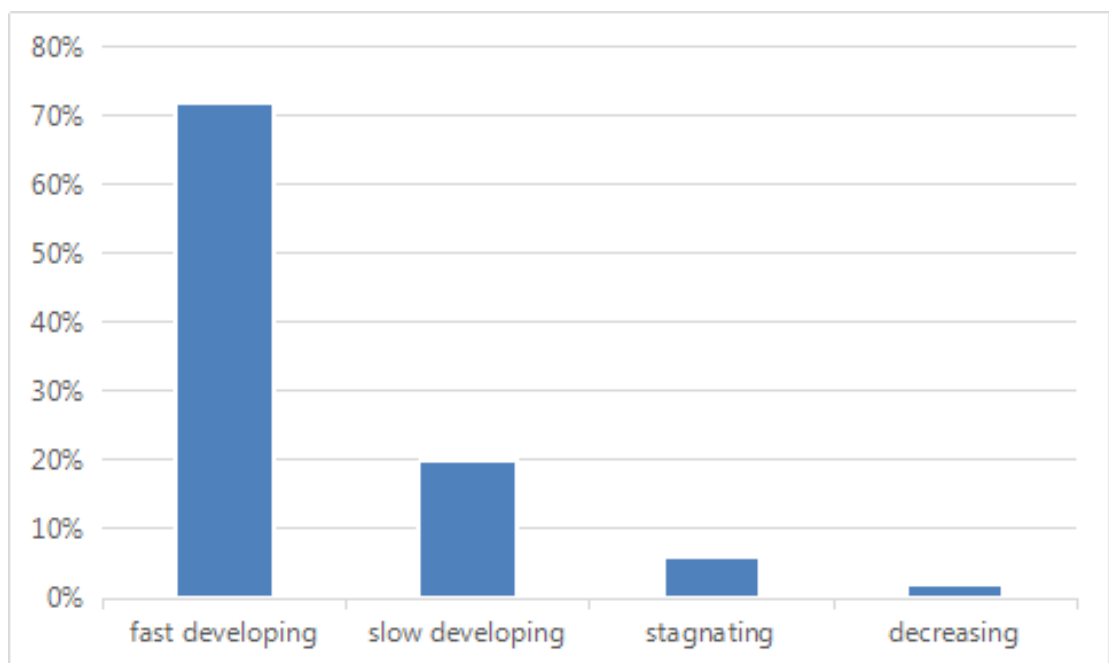


Chart 3.6 – Market Tendency

The mean of values of importance of the factors to the Chinese sellers is shown in

the graph below (table 3.8). According to it, the most important influence factors for the customers are rating of the buyer, logistics system and government politics and law, but the data gap is very small, it means that all factors are similar importance for the development of the market, from the sellers' point of view. At the same time, it is very different with the degree of influence factors for the Russian customer. It means that Chinese sellers and Russian customers keep different attitudes towards the importance of influence factors. Through the two survey, help us know that Chinese sellers still have many place which need to improve. Chinese sellers should pay more attention on Russian customers' concern.

Table 3.8 – The Degree of Influence Factors for the Chinese Seller

| Mean Value Analysis | Rating of the buyer | Logistics system | Trust issue | Government politics and law | Economic situation | Searching engines | Language barriers | Payment system |
|---|---|---|---|---|---|---|---|---|
| Mean | 3,90 | 3,89 | 3,59 | 3,68 | 3,41 | 3,15 | 2,85 | 2,65 |
| Number of people | 120 | 120 | 120 | 120 | 120 | 120 | 120 | 120 |
| Standard deviation | 0,726 | 0,708 | 0,728 | 0,635 | 0,865 | 0,904 | 0,741 | 0,876 |

Through another factor analysis, we can find out that the most important factors of development China and Russian B2C e-commerce, according to the point of view of Chinese seller. On the table 3.9, Kaiser-Meyer-Olkin>0.60, and significance of using factor analysis $p < 0.05$, so that we can understand that factor analysis is suitable for our data.

Table 3.9 – KMO and Bartlett Test

| KMO and Bartlett Test | | |
|---|---|---|
| Kaiser-Meyer-Olkin metric | | 0,607 |
| Bartlett Test | Approx Chi-Square | 100,880 |
| | df | 28 |
| | Sig. | .000 |

According to table 3.10, principle component extraction selected three factors that have the bigger importance and explain 56.823% of the variance: rating of the buyer, logistics system and trust issue.

Table 3.10 – Principal component extraction

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loading | | | Rotation Sums of Squared Loading | | |
|---|---|---|---|---|---|---|---|---|---|
| | Total | Of Variance % | Cumulative% | Total | Of Variance% | Cumulative % | Total | Of Variance % | Cumulative % |
| Rating of the buyer | 2.003 | 25.034 | 25.034 | 2.003 | 25.034 | 25.034 | 1.921 | 24.007 | 24.007 |
| Logistics system | 1.396 | 17.453 | 42.487 | 1.396 | 17.453 | 42.487 | 1.394 | 17.430 | 41.437 |
| Trust issue | 1.147 | 14.336 | 56.823 | 1.147 | 14.336 | 56.823 | 1.231 | 15.386 | 56.823 |
| Government politics and law | .977 | 12.210 | 69.033 | | | | | | |

End of table 3.10

| Comp onent | Initial Eigenvalues | | | Extraction Sums of Squared Loading | | | Rotation Sums of Squared Loading | | |
|---|---|---|---|---|---|---|---|---|---|
| | Total | Of Variance % | Cumulative% | Total | Of Variance% | Cumulative % | Total | Of Variance % | Cumulative % |
| Econo mic situati on | .819 | 10.239 | 79.272 | | | | | | |
| Searc hing engine s | .668 | 8.354 | 87.627 | | | | | | |
| Langu age barrier s | .534 | 6.672 | 94.299 | | | | | | |
| Paym ent syste m | .456 | 5.701 | 100.00 0 | | | | | | |
| Extraction method: Principal component analysis. | | | | | | | | | |

Summary of the third chapter

The chapter 3 is practice investigation and analysis of the influence factors of the e-commerce development between China and Russia in the B2C market. The results of chapter 3 is that the writer use mean value analysis methods, factor analysis methods, correlation analysis methods, linear regression analysis methods to analyze collection date through SPSS21.0 software.

According to the mean values analysis report from Russian customers, the most important influence factors for the customers are language barriers, searching engines and payment system, while according to the mean values analysis report from Chinese sellers

, the most important influence fare rating of the buyer, logistics system and government politics and law, but the data gap is very small, it means that all factors are similar importance for the development of the market, from the sellers' point of view.

According to the factor analysis report from Russian customers, we find that culture difference, language barriers, searching engines and logistics system are more important, while according to the mean values analysis report from Chinese sellers, we find that rating of the buyer, logistics system and trust issue are more important. According the correlation analysis report from Russian customers, Spearman's correlation coefficients indicate that the five factors which are culture difference, language barrier, search engines, rating of the buyer and economic situation have the high correlation with customer's decision whether to buy or not to buy from Chinese online-shop. And according the linear regression analysis report from Russian customers, in order to find out which of the factors identified in the correlation analysis have the greater influence on the customers' decision whether to buy or not to buy from Chinese on-line shop. we can find only language barrier has a significance effect on customers' decision whether to buy or not to buy from Chinese on-line shop.

It is very different with the degree of influence factors for the Russian customer. It means that Chinese sellers and Russian customers keep different attitudes towards the i mportance of influence factors. Through the two survey, help us know that Chinese selle rs still have many place which need to improve. Chinese sellers should pay more attenti on on Russian customers' concern.

# 4 CONCLUSION AND STRATEGY RECOMMENDATION

## 4.1 Conclusion of research result

In this research, according to the mean values analysis report from Russian customers, the most important influence factors for the customers are language barriers, searching engines and payment system, while according to the mean values analysis report from Chinese sellers, the most important influence fare rating of the buyer, logistics  system  and government politics and law, but the data gap is very small,  it means that all factors are similar importance for the development of the market, from the sellers' point of view.

According to the factor analysis report from Russian customers, we find that culture difference, language barriers, searching engines and logistics system are more important , while according to the mean values analysis report from Chinese sellers, we find that rating of the buyer, logistics system and trust issue are more important.

## 4.2 Strategy recommendation

According to the correlation analysis report from Russian customers, Spearman's correlation coefficients indicate that the five factors which are culture difference, language barrier, search engines, rating of the buyer and economic situation have the high correlation with customer's decision whether to buy or not to buy from Chinese online-shop. And according the linear regression analysis report from Russian customers, in order to find out which of the factors identified in the correlation analysis have the greater influence on the customers' decision whether to buy or not to buy from Chinese on-line shop. We can find language barrier has a significance effect on customers' decision whether to buy or not to buy from Chinese online-shop.

It is very different with the degree of influence factors for the Russian customer. It means that Chinese sellers and Russian customers keep different attitudes towards the importance of influence factors. Through the two survey, help us know that Chinese sell

ers still have many place which need to improve. Chinese sellers should pay more attention on Russian customers' concern.

As for these analysis results, we also recognize the correlation recommendations

Firstly, increase policy support and standardize the cross-border e-commerce trade order between China and Russia. Strengthening China and Russia cross-border electricity supplier policy support, is an important basis to promote cross-border development trade between the two countries. First of all, establishment and improvement of laws and regulations on China and Russian e-commerce trade cooperation, especially for cross-border e-commerce development may encounter new problems, such as information security, intellectual property rights, taxation. According to the actual situation of China and Russia, formulate laws and regulations in line with international trade rules and standards, to eliminate or reduce the adverse effects of trade protection policies, to lay a good foundation for the long-term development of bilateral cross-border e-commerce trade. Secondly, aiming at the development of cross-border electricity supplier in China and Russia in specific aspects of the existing problems, such as payment, settlement, customs clearance, logistics. The tax, customs and other related departments of the two countries should strengthen communication and cooperation, revise and supplement relevant provisions of the regulations and promote efficient operation of cross-border e-commerce.

Secondly, change cross-border electricity supplier management model, enhance the competitiveness of Chinese enterprises to Russia. In the face of fierce market competition, China's cross-border electricity supplier enterprises need to change a single business model, and improve the competitiveness of Chinese cross-border electricity supplier-enterprises to defense the competition from Europe and the United States and Russia's local electricity supplier. First of all, accelerate the implementation of China's cross-border electricity supplier localization strategy, including the employment of local staff, and corporate with the Russian local logistics and transportation enterprises. Across language barriers, culture difference, customs and other obstacles, prompting the way enterprises operate more suited to Russia's national conditions.

According to the survey we had made, we can know that the language barrier is one

of the most important factor to influence the development of China and Russian B2C e-commerce. Web-site should be well-translated and adapted to the Russian cultural peculiarities, at the same time, web-site consultants should have a good command in Russian and should be able to explain definite features of their products and the whole process of purchasing and receiving goods. Each product should be followed with a detailed description in Russian language. Secondly, we should strengthen cooperation with the Russian e-commerce enterprises and optimize the marketing mechanism. At present, the Russian local search engine Yandex accounts for about 53% of the market share, far higher than 36% of Google, social networking site VKontakte has more than 120 million registered users. Chinese B2C e-commerce enterprises should strengthen cooperation with Russian local enterprises, make full use of the development characteristics of Russian e-commerce market, establish-mate the search engine marketing and social marketing and other business programs, to better participate in the Russian market competition. According the survey we had made, we can know searching engines is one of the most important influence factor for Chinese sellers.Many Russian people simply do not know the existence of Chinese on-line shop that can sell their goods to Russian people, and they do not know about their prices and assortment. Availability of these web-site and products on the Russian popular searching engines and advertising in the social networks will raise awareness of the Chinese market of the products and will make it more popular within Russian customers. Third, build cross-border electricity supplier brand, get rid of low-priced homogeneous competition situation. Accurate positioning of Russian consumer demand, pay attention to the quality of goods and consumer experience, to create consumer satisfaction with the Russian electricity supplier brand, enhance the core competitiveness of enterprises.

Thirdly, strengthen cooperation and build a large channel for cross-border electricity supplier logistics between China and Russia. To encourage Chinese business enterprises to strengthen cooperation with the Russian postal and courier enterprises. According to statistics, Russia's domestic DPD, DHL and EMS assume the Russian post transportation volume of about 50%, with advantage of the relatively cheap price, small parcel outlets, covering the whole, very suitable for the characteristics of the current

China and Russian cross-border electricity supplier of small and medium-sized enterprises. Secondly, strengthen the cooperation of local government, setting the border positions, overseas warehouse and cross-border electricity supplier logistics park in the China and Russian border provinces, encourage border areas by using its own regional advantages, build cross-border transport corridor for Russia. Chinese logistics system can be taken as an example, as one of the fastest and more convenient. The system of pick-up points should be created as well, for fast, cheap and convenient products delivery. Developing efficient tracking system would be of great use too, as many customers want to have opportunity to control the whole delivery process. Tracking system will also eliminate the number of fraud issues, as each step of the parcel will be recorded and checked. Third, the establishment of a unified cross-border cross-border electricity supplier logistics service platform for Russia, the integration of cross-border logistics information to Russia, providing cross-border transportation, warehousing and other logistics services.

Fourthly, to speed up the training of cross-border electricity supplier professionals in Russia. The cross-border e-commerce development between China and Russia is a complex systematic project. It needs to start with many aspects, such as society, economy, culture, customs, international rules, and so on. It needs high-quality and complex talents to support it. First of all, through a flexible talent attraction mechanism to attract international talent who are familiar with the Russian economic and cultural background, to join the China and Russian cross-border electricity supplier team. Secondly, China and Russia cross-border electricity supplier enterprises to strengthen key links of personnel training, especially involving logistics, customs clearance, payment and settlement and other links. Third, through the university professional settings, enterprises to provide jobs and government policies, strengthen the Russian cross-border electricity supplier personnel systematic training.

Fifthly, to stimulate development of electronic trade between Russia and China a lot of measures should be taken by Chinese government and Russian government. The imposition of tariffs will inevitably increase the cost of goods, thereby reducing people's purchasing power. This will not help the development of cross-border e-commerce

between China and Russia. The Chinese and Russian governments should step up cooperation and coordination, help each other and find a mutually beneficial solution.

One of the most important is regulation of customs procedures and opening more customs points for enhancing its capacity. Developing more transparent and easy customs procedures is also crucial. The time of customs clearance should be cut several times, the whole system should work fast and efficiently. The whole legislation system should also be revised and unified. Each member of the e-commerce procedure should fully understand his rights and obligations. Each step of the process should be clarified, especially dispute resolution system, which can be a little complicated, concern international e-commerce.

Summary of the fourth chapter

B2C e-commerce is developing tremendously these years, especially in the developing countries. As wee all know, Russia and China become key strategic partners in many aspects, however this partnership is very young and a lot of problems can stop it from successful development.

So the main purpose of this research was to identify the main factors influencing de velopment of China-to-Russia B2C e-commerce and find the strategies recommendation to overcome the main barriers.

In this research scientific papers and statistical reviews on the Russian and China e-commerce B2C market have been analyzed, in order to identify the factors, influencing different aspects of market development. For further investigation, two surveys about Russian customers and Chinese sellers have been done. The writer find language barrier has a significance effect on customers' decision whether to buy or not to buy from Chinese online-shop.

It is very different with the degree of influence factors for the Russian customer. It means that Chinese sellers and Russian customers keep different attitudes towards the importance of influence factors. Through the two survey, help us know that Chinese sellers still have many place which need to improve. Chinese sellers should pay more attention on Russian customers' concern.

Main recommendation for the development of China and Russia B2C e-commerce:

Firstly, increase policy support and standardize the cross-border e-commerce trade order between China and Russia.

Secondly, change cross-border electricity supplier management model, enhance the competitiveness of Chinese enterprises to Russia, especially culture, language, search engine aspects.

Thirdly, strengthen cooperation and build a large channel for cross-border electricity supplier logistics between China and Russia.

Fourthly, to speed up the training of cross-border electricity supplier professionals in Russia.

Fifthly, opening more customs points for enhancing its capacity. Developing more transparent and easy customs procedures is also crucial. The time of customs clearance should be cut several times, the whole system should work fast and efficiently.

# Conclusion

In recent years, Chinese and Russian cross-border B2C e-commerce trade is developing rapidly, however, there are still existing many problem to influence the

deep development of China to Russia B2C e-commerce trade. In order to solve this problem, this research determined the most important factor in the development of China to Russia B2C e-commerce market, and finding the targeted ways to overcome the main barriers and promoting the follow-up development of China and Russian B2C e-commerce market.

The chapter 1 is the situation of B2C market between China and Russia. The result of chapter1 is that more and more Russian people shop on-line, especially enjoy shopping in Chinese e-commerce platform. Researches show that the most Russian customers prefer on-line shopping due to significant price advantages. Chinese e-commerce enterprises quickly rely on rich products line and price advantage to get a place in Russian on-line shop. At the same time, Russia e-commerce regional development is uneven, only Moscow and St peters-burg area has developed quickly. China has many advantages in the development of e-commerce in Russia, but there are still existing many problem in the e-commerce between China and Russia.

The chapter 2 is the analysis of main influencing factors in the development of China and Russia B2C e-commerce trade.The result of chapter 2 is that the main influence factors of development between China and Russia in the B2C market are language and culture barrier factors, logistics system factor, payment system factor, trust issues and credit of the seller factors, government polices and laws, economic situation factor and searching engines factor.

The chapter 3 is practice investigation and analysis of the influence factors of the e-commerce development between China and Russia in the B2C market. The results of chapter 3 is that the writer use mean value analysis methods, factor analysis methods, correlation analysis methods, linear regression analysis methods to analyze the collection date through SPSS21.0 software.

According to the mean values analysis report from Russian customers, the most imp

ortant influence factors for the customers are language barriers, searching engines and payment system, while according to the mean values analysis report from Chinese sellers, the most important influence are rating of the buyer, logistics system and government politics and law, but the data gap is very small, it means that all factors are similar importance for the development of the market, from the sellers' point of view.

According to the factor analysis report from Russian customers, we find that culture difference, language barriers, searching engines and logistics system are more important, while according to the mean values analysis report from Chinese sellers, we find that rating of the buyer, logistics system and trust issue are more important.  According the correlation analysis report from Russian customers, Spearman's correlation coefficients indicate that the five factors which are culture difference, language barrier, search engines, rating of the buyer and economic situation have the high correlation with customer's decision whether to buy or not to buy from Chinese online-shop. And according the linear regression analysis report from Russian customers, in order to find out which of the factors identified in the correlation analysis have the greater influence on the customers' decision whether to buy or not to buy from Chinese on-line shop. we can find only language barrier has a significance effect on customers' decision whether to buy or not to buy from Chinese on-line shop.

It is very different with the degree of influence factors for the Russian customer. It means that Chinese sellers and Russian customers keep different attitudes towards the importance of influence factors. Through the two survey, help us know that Chinese sellers still have many place which need to improve. Chinese sellers should pay more attention on Russian customers' concern.

The chapter 4 is strategic recommendation. As for these analysis results, we also

recognize the correlation recommendations. First, increase policy support and standardize the cross-border  e-commerce   trade order between China and   Russia.   Then changing       cross-border electricity supplier management model,       enhance the competitiveness of Chinese enterprises to Russia.

 Thirdly,    strengthening    cooperation and build a large channel for    cross-border electricity supplier Logistics  between China and Russia. Fourthly, to  speed  up

the training of cross-border electricity supplier professionals in Russia. Fourthly, to speed up the training of cross-border electricity supplier professionals in Russia. Fifthly, opening more customs points for enhancing its capacity. Developing more transparent and easy customs procedures is also crucial. The time of customs clearance should be cut several times, the whole system should work fast and efficiently.

According to the research of other scientists paper about the e-commerce market. It can be found that many researches pay more attention on the development of electronic trade and reasons of its success. Scientists identified benefits and drawbacks of engaging in electronic trade for both customers and companies customers' advantages are endless range of products lower prices and time saving. And the innovation of this research is that the writer find the main influence factors between China and Russia B2C e-commerce market, and through collection data analysis to get the most important factor, and give relative suggestions to overcome it.

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# APPENDIX

## Questionnaire


## Questionnaire for Russian buyer

Part1.

Gender: a) male b) female

Age : a)<20 b)20-30 c)31-40 d)41-50 e)51-60 f)>60 Income(rub): a)<20000 b)20001-30000 c)30001-50000 d)>50000

Education: a) high school b)bachelor school c)masters degree

d) phd e)other

Have you ever buy goods from Chinese online shop?

a)Yes b)No

What characteristic of online shopping from China?（multiple question）a)low price

b)low quality c)long delivery

d) rich type e)fake products f) other

Part2.

Which following factors are important while buying products from foreign online shop?

Questionnaire for Chinese sellers

Part1

How long have been working for China and Russian B2C e-commerce?

a) <3year b) 3-5year c) 5-8year d) >8year

What's the main tendencies for China and Russian B2C e-commerce in the future?

a) fast developing b) slow developing

b) stagnating d) decreasing

Part2

Which following factors are important for successful operating on China and Russian B2C e-commerce market?

Culture difference 1 2 3 4 5

Language barriers 1 2 3 4 5

Searching engines 1 2 3 4 5

Logistics system 1 2 3 4 5

Payment system 1 2 3 4 5

Trust issue 1 2 3 4 5

Rating of the buyer 1 2 3 4 5

Government politics and law 1 2 3 4 5

Economic situation 1 2 3 4 5