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ABSTRACT

ГуЮйтун.Improving of interaction between Chinese and Russian economies by the development of electronic trade (Alibaba an example). – Chelyabinsk: SUSU, EU–204, 84 pages, 15 pictures, 5 tables, list of references – 28 names, 0 applications.

Nowadays many kinds of. business models are pouring out. Entrepreneurs and investors are not only confronted with setting up a single business model but how to create and rebuild a business model suitable for themselves under such a complex global environment and increasingly competition. So it is one of the means for the enterprise to have certain experience to draw on other successful business models. However business model innovation is the essential purpose of the business model research. Both the conceptual and methodological study can provide evidence and thoughts for the business model innovation. In order to get the overwhelming superiority among all the competitors and imitators, the enterprise must adjust its business model continuously. The creation and change in the business model in Alibaba.com Limited is the key factor of why it can set a good example to other competitors.

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INTRODUCTION

Alibaba, a leading company in the Chinese network that has entered the Russian market. How does Alibaba capture the Chinese and Russian markets. And how the markets and people's lives in China and Russia are affected, and how they contribute to the economies of the two countries. Then Study Alibaba entry into the Russian market can be used as a reference for other Chinese enterprises to enter the Russian market.

At first, this paper studies how Alibaba occupy the share of market development in China and Russia, And analyze it , and combined with Chinese and Russian peoples due to Alibaba's influence on their life, thus it is concluded that the enterprises in China and Russia development advantages and disadvantages respectively.

And whether the market and economy of the two countries are effective. In this paper, we take full advantage of the research methods and some graphs and data to illustrate the advantages and disadvantages of Alibaba in different markets. Finally, the paper analyzes the process of Alibaba's development in Russia, which can be used as a reference for other Chinese enterprises that want to enter the Russian market.

1.THE INTRODUCTION OF CHINA AND RUSSIA 'S ECONOMIC DEVELOPMENT AND INTERACTION

1.1 China 's electronic trade development status and trend

Analysis of e-commerce situation in China

The prototype of the development of e-commerce dates back to the email phase of the 1970s. The average amount of traffic passed through the mail at this stage is growing at several times a year. Since 1995, the information publishing system represented by web technology has gradually grown to become the main application of the Internet. At the end of 1997, in Vancouver, Canada's fifth informal APEC summit, the U.S. President Bill Clinton urged countries to jointly promote the development of electronic commerce legislation, and to cause the attention of world leaders. IBM, HP and other internationally renowned manufacturers have announced that 1998 was the year of e-commerce. Nowadays, e-commerce constantly challenges traditional sales model to communicate with users on the basis of initiative, interaction and user care.

In China, the electronic commerce since 1997, has experienced the germination and the start period, frozen and adjustment, recovery and recovery period, rise with the high speed development, transformation and upgrading, constantly booming in the ups and downs, to the prosperity of today. Now it has deeply influenced the industry economy, life shopping, e-government and other aspects, whether the number of third party

service companies, or the size of the electronic business users, trading volumes have increased fast fierce, etc.

B2B is one of the main forms of e-commerce, which is the marketing relationship between enterprises. It combines enterprise Intranet with customers through the website to provide better service to customers through the rapid response of the network, thus promoting the business development of the enterprise. China's e-commerce after more than ten years of development, there are many big e-commerce platform, such as Alibaba, hc360, global sources, etc., they are to become a listed company or listed company, its share of the market more than 80%. Has long been represented by their service providers are working hard to find new profit, each service continuously introduce new value-added services into its own industrial chain related field looking for new development[1].

China's e-commerce market has maintained a sustained and rapid development, according to the China electronic commerce research center, according to the testing data until December, 2016, the Chinese e-commerce transactions reached \$26.1 trillion, rose 19.8% year-on-year, turnover accounted for about 39.2% of the global e-commerce retail market, the electronic commerce service industry market size reached 2.45 trillion yuan, up 23.7% from a year earlier. China's online retail market has been growing internationally, becoming the world's largest online retail market for years.

While China is the largest and most dynamic e-commerce market in the world, China's e-commerce industry has also entered a stage of steady growth. However, China's e-commerce is in the transition stage is crucial for the development of a new round of innovation, the current Internet scale growth is slowing, so as to fully mix

online development situation has not yet formed, cross-border and two rural e-commerce market remaining problems to be solved, and some of the new model and new forms of market order and social security management challenges.

According to data from China e-commerce research center, the number of e-commerce service enterprises in China reached 12,300 by December 2015, an increase of 11% year-on-year. E-commerce enterprises receivable amounted to 24.5 billion yuan, up 19 percent year on year.

In recent years, China's B2B e-commerce market next year a reason for the receivable scale stable growth is small and medium-sized enterprises (smes) increased spending on electronic commerce and the use of growth in services, the second is the core carrier take active measures to improve services and expand their business scope.

In B2B services market share, in 2015, China's leading B2B service market as the Alibaba network co., LTD., 42%, 5% of global resources, hc360 4.2%, and 2.7% of science and technology, Shanghai steel group 3.7%, 0.8% net bao sheng business, global market 1.7%, and the other is 40. 4%[2].

In recent years, although the increasingly complex economic environment and more uncertainty have brought difficulties to the B2B market, there has been a more novel development trend in the B2B market since 2014:

(1) B2B e-commerce service provider is pushing the real-name certification. Alibaba has been the first to fully implement the real-name system. Moreover, the "export tong" and "global treasure" members also require field certification, which largely satisfies the growing demand of members for the authenticity of e-commerce platforms. After that, hcnets also said that it will follow up the real-name system as soon

as possible. The emergence of the real-name system greatly reduces the business credit risk faced by businesses and consumers, including false trading, counterfeiting, contract fraud, online auction bidding up the pre-tender estimate and so on a series of credit risk. With the continuous improvement of the whole Internet credit system, the credit risk will gradually decrease in the long run.

(2) the development of network financing has become a growth point of emerging business. Due to small and medium-sized enterprises as the core user group of e-commerce, the financing difficulty of its financing has been closely watched and debated. And Internet financing is becoming a new financing force spreading rapidly. Electronic service providers are also providing value-added services to small and medium-sized enterprises in addition to online trade services.

(3) the foreign trade small wholesale market develops continuously. With the revival of traditional trade, the market with industrial products gained strong growth and promoted the development of the overall foreign trade market. In mid-december 2014, the company said that since its purchase of the small foreign trade e-commerce platform half a year ago, the transaction volume of the platform has increased more than 10 times in the first half of the year, and the market has broad prospects.

(4) e-commerce service providers are expanding into new areas. Alibaba launched ali cloud mobile phone, and the launch of net sheng business treasure "business club", into commodities, and to create manufacturing important evaluation indexes and the macro economic "barometer" of change data.

China's B2B e-commerce will continue to deepen its development and new mode, and the B2B e-commerce enterprises in the new industry will emerge a lot. The rapid

development of online trading platform will gradually lead to the development of B2B e-business in China.

(5) in recent years, the growth rate of e-commerce transactions in China has maintained a rapid growth momentum. Especially the online retail market is developing rapidly, according to the China electronic commerce research center released the 2015 (on) the Chinese e-commerce market data monitoring report shows that in the first half of 2015, China's e-commerce transactions reached 7.64 trillion yuan, up 30.4% from a year earlier. Among them, B2B transaction volume reached 5.8 trillion yuan, an increase of 28.8% year on year. Online retail market transactions reached 1.61 trillion yuan, up 48.7 percent year on year. According to the data provided by the Alibaba, on November 12, 2017, after 24 hours of fighting, Taobao and cat with 168.2 billion yuan transactions throughout the day, refresh the record of the world and himself again. That's 39.4 percent more than the \$120.7 billion in 2016, and 3,334 times the number of the first "double 11" transactions nine years ago[3].

(6) rural e-commerce development momentum is strong. In the face of the increasingly saturated second - and second-tier cities, rural e-commerce has become a new battleground for e-commerce, and the countryside is being transformed by e-commerce. According to the data provided by the Alibaba, according to the 2014 national sales Taobao county more than 300 more than one hundred million yuan, in 25 provinces, and one hundred million yuan from the Midwest Taobao county is more than 100, other state-level counties become 21 Taobao one hundred million yuan county. According to statistics, in 2014, on Alibaba retail platform, the county consumer spending on the mobile end breaks through 200 billion yuan, more than 250%

year-on-year growth, county store sales of more than 120 billion yuan on the mobile end, year-on-year growth of more than 300%. Of the 100 counties with the largest increase in annual mobile consumption, 75 are located in the central and western provinces. Compared with the increase in urban growth, the year-on-year growth of online shopping in the county in 2014 was 18 percentage points higher than that of the city

(7) rapid development of cross-border e-commerce transactions. According to the China electronic commerce research center (100 ec. CN) monitoring data show that by the end of 2014, China's cross-border e-commerce penetration reached 14.2%, total trade reached 3.75 trillion yuan, the growth rate as high as 38.9%. In the first half of 2015, China's cross-border e-commerce transactions were 2 trillion yuan, up 42.8 percent year on year, accounting for 17.3 percent of China's total import and export value. In 2016, cross-border e-commerce trade volume reached 6 trillion, growing 30% a year, far more than the foreign trade growth, the future will be more enterprises to join cross-border e-commerce, China's cross-border e-commerce from the scale to quality will be improved significantly, influence in the international market will be further strengthened.

The development of e-commerce in China also has some problems:

(1) imperfect business rules and laws and regulations. In recent years, and the relevant ministries and commissions under the state council issued a series of electronic certification, online shopping, online transactions, payment service and other aspects of the policy, rules and standards, optimize the development environment of electronic commerce. However, due to the electronic commerce is emerging formats, adapt to the

development of e-commerce business rules currently still is not perfected, authoritative, comprehensive e-commerce laws and regulations or blank, part of the lack of operational regulations and standards, it is difficult to effectively regulate the behavior of e-commerce transactions.

(2) there are security risks in the transaction. E-commerce as an open platform for the exchange, in order to ensure the integrity, equality, and trade between the two exchanges of information security, etc., need to ensure that traders identity authenticity, information integrity and confidentiality of information. In China, the technology and credit system of electronic commerce are not perfect, and the credibility problems often occur in the transaction. Computer hackers, viruses and various means of online fraud and online theft are also caught off guard. The problems such as tampering, information destruction, identity identification and information disclosure in these electronic commerce have caused the decrease of trust in e-commerce.

(3) there has been a significant increase in online transaction disputes. In recent years, online and offline counterfeits related to electronic commerce counterfeiting, Internet fraud, Internet pyramid selling, infringement of intellectual property, unfair competition, leak user information, false advertising, false promotion behavior such as increased obviously[4]. Network transactions have the characteristics of virtual, open and cross-regional. It is difficult and costly to deal with online transaction disputes. According to the largest third-party consumer protection of the rights and interests of electric business platform - "China electronic commerce complaints and the rights of the public service platform" statistics show that in the first half of 2015 through the online submission, telephone, E-mail, instant messaging, a variety of channels such as

WeChat, the national users involved in e-commerce complaints received year-on-year growth of 2.03% in the first half of 2014.

(4) low efficiency of logistics distribution. Logistics industry development in China is poorer, low efficiency, logistics distribution is an important bottleneck restricting the development of e-commerce, mainly displays in: one is the express industry is small, scattered, weak problems still outstanding, the express industry service capacity can not meet the needs of e-commerce. The number of express companies in China is over 10,000, but the market concentration is low, and the existing franchised business model leads to low quality of express delivery service. Secondly, there are few storage facilities and low modernization, and the modern equipment such as three-dimensional warehouse and automatic sorting is not available. Third, regional development imbalance. Courier companies provide services to large and medium-sized cities, and the delivery companies outside of China post have almost no express outlets in rural areas.

The future trends of e-commerce in China

(1) the upstream invasion will become the norm. Electricity industry has been given priority to with "ship", but as the comprehensive electric business platform in the user and traffic advantages, as well as to the online shopping behavior, preferences, purchase, payment, etc. Big data applications, 2015, electricity upstream attack will become the new normal, according to customer's demand and the raise of C2B model will be formed the scale, and then passed to the flexible manufacturing, design, supply chain link, such as electricity and upstream manufacturers alliance and cooperation will be more and more frequent, the depth of cooperation will involve brand, big data,

logistics, supply chain, Internet financial, intelligent equipment and so on all levels, the role and importance of electricity will be a fundamental shift.

(2) the trend of multi-party cooperation online and offline is obvious. In 2015, there will be a new change in O2O. One is that e-commerce sites will accelerate the push to the offline, such as Alibaba's investment in Yintai and jd.com and the hundreds of convenience stores in China. 2 it is offline retail formats O2O upgrade into deep waters, will be crazy offline retail model and experience, wanda acquisition quick filling pay short board, the advantage and status of the 2015 offline store rise substantially; Third, the O2O model will mature, and the innovative interactive shopping experience will emerge and bring about a new breakthrough in business model and user experience.

(3) cross-border e-commerce has become a new growth point. In 2015, cross-border e-commerce and globalization will have a wave of competing markets. More and more experience and ability in logistics, electricity will start their own business line extending outward, global purchase, such as Taobao Tmall international, gather beauty is superior to all open overseas online shopping zone, suning set up cross-border electricity project team, and so on[5]. This not only enables consumers to enjoy more overseas shopping convenience and security of money, also let the electricity business in overseas markets, as well as on the introduction of foreign brands to play a positive role, realizing multi-win-win situation. In the future, under the influence of domestic and foreign economic environment and foreign trade policies, the cross-border e-commerce will increase greatly.

(4) the e-commerce will penetrate into the three - and fourth-tier cities. Online shopping as a second-tier cities close to saturation, permeability electricity urbanization

layout will become the focus of the electricity business enterprise development, cities, towns and other regions will be three or four line electrical contractor "channel sink" main battlefield, at the same time electricity in three or four line can be greater play to the advantages in less developed areas, narrow the three or four line city a second-tier cities, villages and towns and the difference of consumption. Who will preempt the third and fourth tier cities in the future, who will have a greater advantage in the future competition.

(5) to form a more perfect e-commerce logistics system. Logistics is no doubt for the importance of electricity, 2014 around the curtain went up on the competition in the logistics jingdong self-built logistics extending out of the extreme speeds, 3 hours up to pick up the car, moving from the personalized logistics services, such as suning and dangdang, etc are overweight logistics construction, opened up a new round of the fight. The 2015 logistics arms race will be fully exposed and will affect users' choice of online shopping. "no logistics, no e-commerce" will become the iron law. Next year, logistics value is not only fast and slow, but the supply chain, service, marketing and other value added services and value of logistics as leverage will also be highlighted. In the future, e-commerce in China will develop rapidly and form a strong industrial cluster of e-commerce.

1.2 Russia's electronic trade development status and trend

Russian e-commerce and cross-border e-commerce background analysis

Russian e-commerce development starts late, Morgan Stanley statistics show that by the end of 2012, the Russian online users to 11 million, only 16% of the total number of Internet users, about half of the users since 2011 began to shopping on the Internet. According to statistics, at present about 2.5 online stores, Russian e-commerce transactions in nearly three years Russia \$8 billion, \$10.5 billion and \$12 billion, respectively, year-on-year growth of 20%, 31% and 20% respectively[6]. In terms of regional distribution, Russian e-commerce transactions mainly focus on the economically developed Moscow and Moscow (45%), st. Petersburg and Leningrad (11%).

Since 2010, when Russia began to invest a lot of infrastructure to popularize the Internet, Russia's Internet penetration has grown from 37.1% in 2010 to 70.4% in 2015 and doubled in five years. Cell phone, tablets, Russia's favorite online tools for people under age 30, more than 97% of Russia's young generation is using the Internet for various kinds of activities, about 28% of the Russian people over 55 access to the Internet.



Chart 1.1 –Internet penetration in Russia from 2008 to 2015

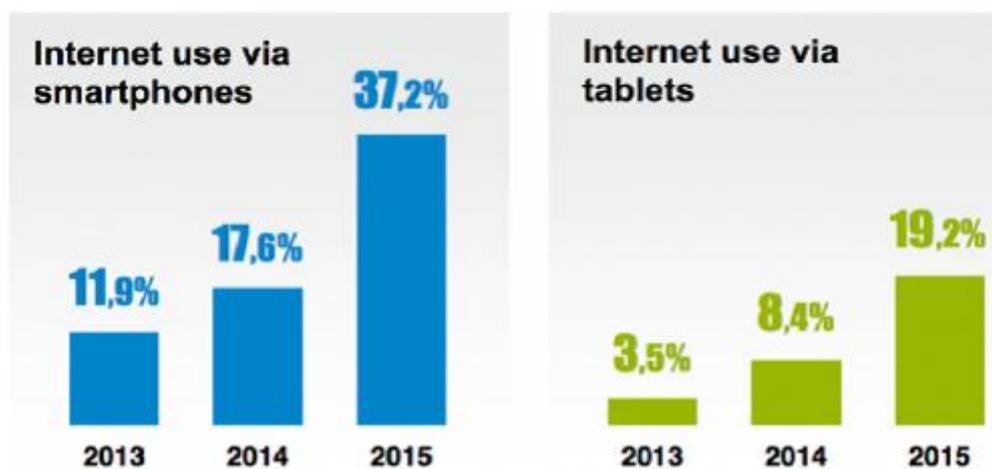


Chart 1.2 –2013-2015 Russia mobile Internet penetration rate

Russia in 2015 to 40 million, the total number of online shopping in 2015, this means that, at least 15 million russians will eb point store consumption abroad, much of people keen on shopping on electric business platform in China, by the year 2020 will form a very strong market purchasing power.

Overview of Russian e-commerce and cross-border e-commerce market

In 2014, Russia's overseas e-commerce retail sales volume was 300 billion roubles, which is double the number of 2013, and the overseas e-commerce platform accounts for 20% of the entire e-commerce platform in Russia. The three major e-commerce platforms overseas are AliExpress, eBay & Amazon, accounting for 72% of the total.

As a whole, Russia's cross-border e-commerce business, which had 69 million adult Internet users in 2012, has been growing rapidly. Mobile phone users in more than 230 million people, including mobile Internet users in 2014 broke through 92 million, tablet penetration reached 14%, smartphone penetration rate reached 29% online population reached 30 million in 2013, accounting for 23% of the population, about 50% of the total Internet users. The online store has more than 39000.

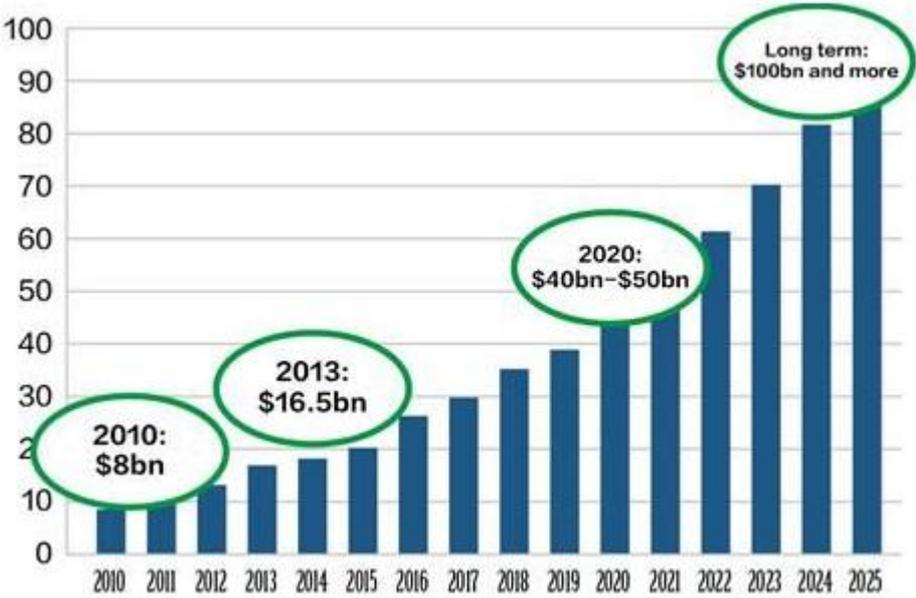


Chart 1.3 – Russian e-commerce market growth expectations

2015 Russian domestic electricity sales data for 650 billion roubles, compared with 16% growth in 2014, the average increased by 3750 roubles DingChanJia for 4050 roubles, but even if sales have consistently express growth, there is still only account for

2% of overall retail sales in Russia[7]. Industry insiders predict that in the next five to 10 years, Russian e-commerce sales will continue to develop at a high speed.

Because of its weak base in light industry, Chinese brands quickly gained a foothold in Russia with their rich product line and price advantage.

Analysis of current situation of Russian e-commerce and cross-border e-commerce market

1. Russian market analysis

Since the company entered the Russian market in 2012, more and more people have started to target emerging markets, and the competition in Russia is becoming more and more heated.

Why is the Russian market and the whole Russian market so attractive?

Russian is one of the most used languages in the world, with the world number six. The world's Russian-speaking population totals more than 300 million people. Due to historical reasons, in Belarus, Ukraine, Kazakhstan, and even more distant countries such as Azerbaijan has a considerable number of people using Russian (use the Russian 8.3 million in Ukraine, Kazakhstan, 4.5 million).

According to data provided by the public opinion foundation (FOM) monthly, 62% of the adults in Russia, 72.3 million people, use the Internet in the fall of 2014, and 59900,000 people use it every day.

More and more Russian consumers are making shopping. According to GfK1, the share of online shoppers buying at least one product online in 2014 increased to 50% from 36% last year. In particular, the popularity of Chinese online stores has increased

significantly, compared with 25 percent in 2013, and 39 percent of respondents in 2014 have conducted shopping on Chinese online stores.

From April 2013 to April 2014, the Russians found that European visitors spent a robust (47 per cent) increase in Internet time, an extra 12 hours a year. In Europe, Russia is the second most engaged country, behind Turkey.

The table below is a statistical analysis of the data of the Russian cross-border electronic shopping market published by a foreign authority in 2014 and the forecast for the next two years. Now it's actually more than expected[8].

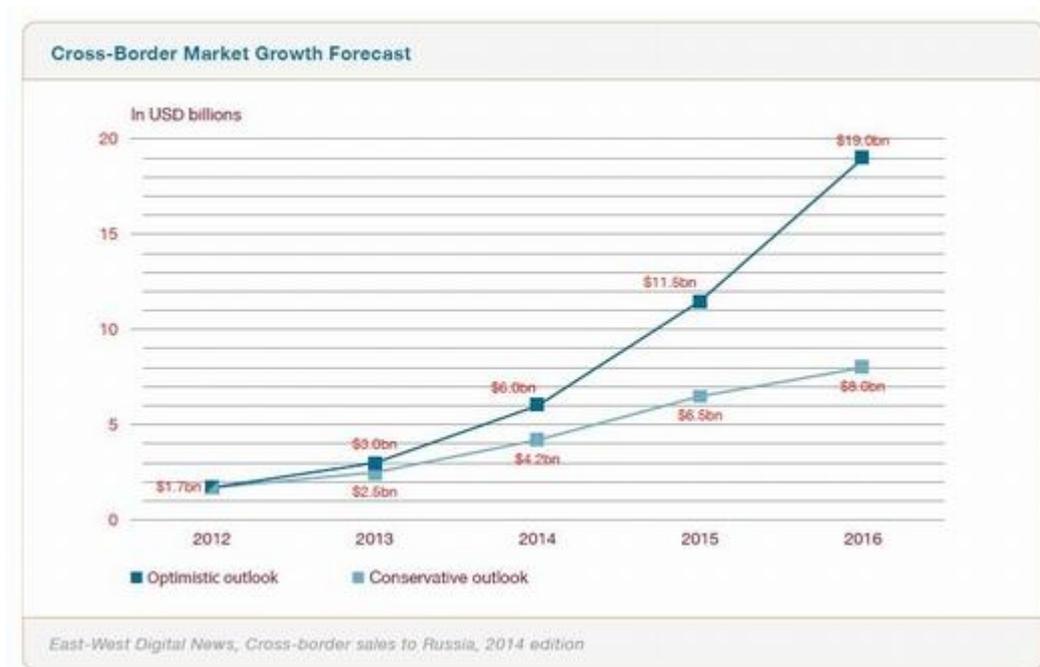


Chart 1.4 – Cross-Border Market Growth Forecast

In the long run, the potential of the Russian e-commerce market is far from being used. The market will continue to grow and growth will come from the following structural factors:

- (1) The increasing penetration of Internet and e-commerce in the Russian region;
- (2) Electronic signature and online payment have become more popular;

(3) The maturing of infrastructure: as transportation costs decrease, the scope of e-commerce will be extended to cheaper product categories and even reach small cities and remote areas.

(4) guided by domestic and international partners: because of the ruble exchange rate continued to decline, Russian consumers may buy less to the online and offline goods denominated in dollars and euros, so turn to domestic and like China can provide a can choose relatively cheap widely cross-border shopping goods.

Statistics show that from 2013 to 2015, cross-border e-commerce from China doubled, accounting for 80% of orders in the Russian market[9].

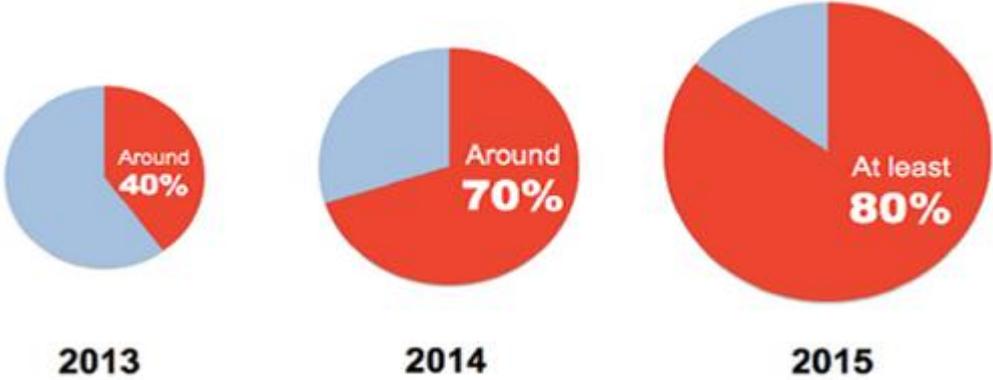


Chart 1.5 – Cross-border e-commerce from China to Russia parcels share

2.The demand and consumption behavior of online shoppers in Russia

(1) regional development is unbalanced, and the gap between east and west is greater



Chart 1.6 – Federal district distribution of Internet users (autumn 2014)

Russia is a highly complex market, the country's vast, across two continents, in different parts of the broadband penetration has obvious difference and staff level of IT, in some areas, local consumers online performance easily repeatedly, but in other ways and more open.

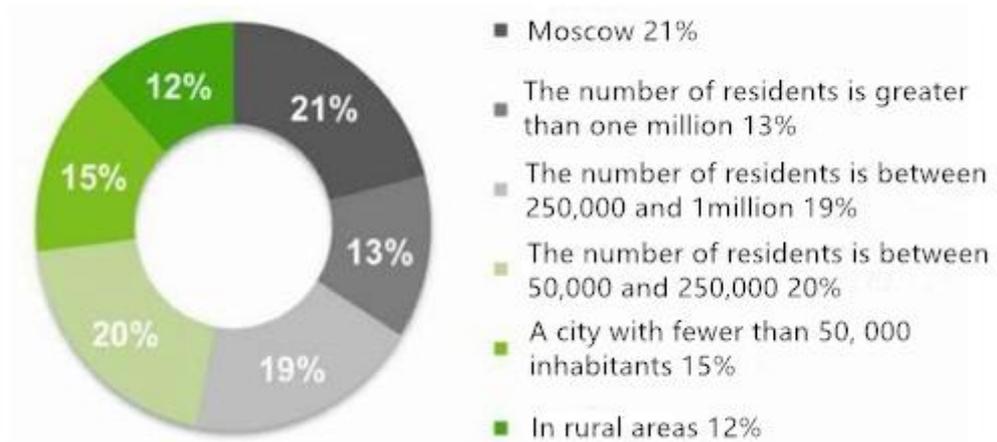


Chart 1.7 – Russian cities account for a percentage of online shoppers in Russia (2013)

Generally speaking, the central city occupies most of the domestic e-commerce market, and the average market in Moscow is about 10 times the size of other regional markets[10].

Russia is the largest country in the world, with a quarter of the area on the western side of the Ural mountains, which belongs to Europe. Three-quarters area located in the east of the Ural mountains, to Asia, but the contrary population distribution, living part for three quarters of the population of Europe, Asia, part of the life only a quarter of the population, and residents' income level than the European part of the large difference, distribution is very fragmented, relatively backward logistics infrastructure.

However, due to the border with China and the cause of the economic level, the eastern region more residents of China's sense of self-identity, the demand for Chinese goods has stronger (European residents pushed for the European and American goods). According to Russian users' interest reports on foreign searches, China ranks fourth among foreign countries. Each month, the search volume reached 4.1 million times - 5% of the total search volume in the country. Among the Russian regions, people in Siberia and the far east have the strongest interest in China[11].

	2012		2015	
	area	capital	area	capital
	without major cities	Moscow and st Petersburg	without major cities	Moscow and st Petersburg
Percentage of online shoppers	59%	41%	69%	31%
Percentage of online orders	56%	44%	66%	34%
Percentage of online sales	47%	53%	57%	43%

In some city bordering on the border with China, such as Chita, Chinese goods almost absolute advantage of the market, small to gloves and eating fruits and vegetables daily, almost all Chinese imports, thousands of train and bus every day shopping and consumption in China. Cannot be ignored at the same time, the problem is over the years China merchants in local sales defective fakes, greatly damage the image of Chinese products, sets up the cheap and fine reputation to win the market in the region is very important. This regional market is suitable for the establishment of border warehouse delivery, and many logistics companies such as Russia express already have the frontier warehouse service.

(2) there is a certain uniqueness of the category demand

The two main reasons why Russian market consumers pass cross-border shopping are: lower commodity prices and wider commodity categories, and goods from China have the advantages of above two aspects. The main items they buy are clothing and accessories, followed by mobile phones and telecommunications peripherals.

The category demand of Russian buyers in the market segment, although the different methods reflect the differences from different sources, the overall picture reflected in the picture is clear. The demand for physical goods is mostly clothing and

footwear; Household appliances and household goods, consumer electronics and computer hardware as well as car parts and children's goods.

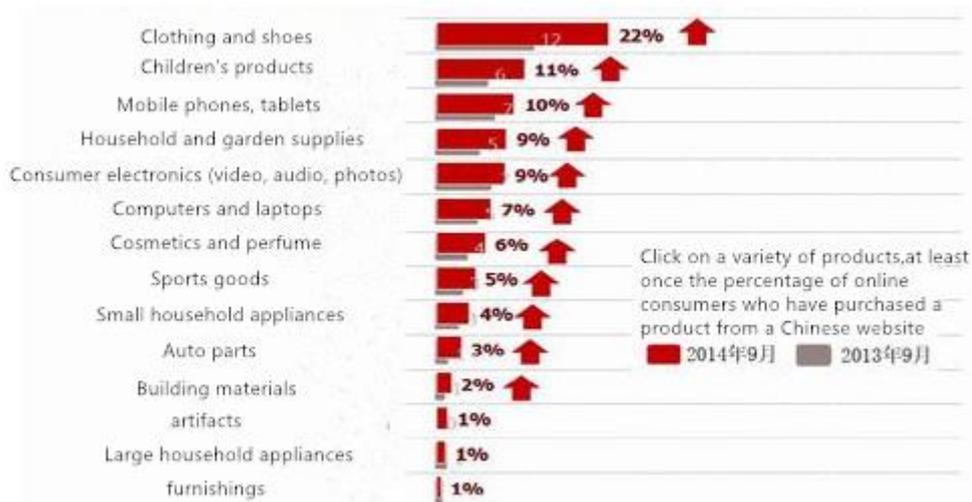


Chart 1.9 – The purchase of Russian consumers in Chinese online stores by product category (2014/2013)

Given the current age of logistics delivery, the Russians chose to have some common features from China's shopping products: differentiation and richness, or relatively obvious price advantage. Clothing shoes and hats are selected for their basic style and seasonal demand (which is popular in the season, and can't be sold in winter or spring in winter)[11]. The 3C class and the auto parts should focus on the credibility of the product, the product description should be accurate, it is best to find the translation company to turn into accurate Russian, while the main push has the product which the buyer praises.

Compared with Chinese websites, men prefer to buy goods from English websites (54 percent), while most women prefer to buy from Chinese online shop shopping (52 percent). This phenomenon may be related to the purchase of products, which are mostly clothing, accessories, children's supplies and household goods. They are widely

used in China. At the same time, men often focus on buying electronics and car parts[12].

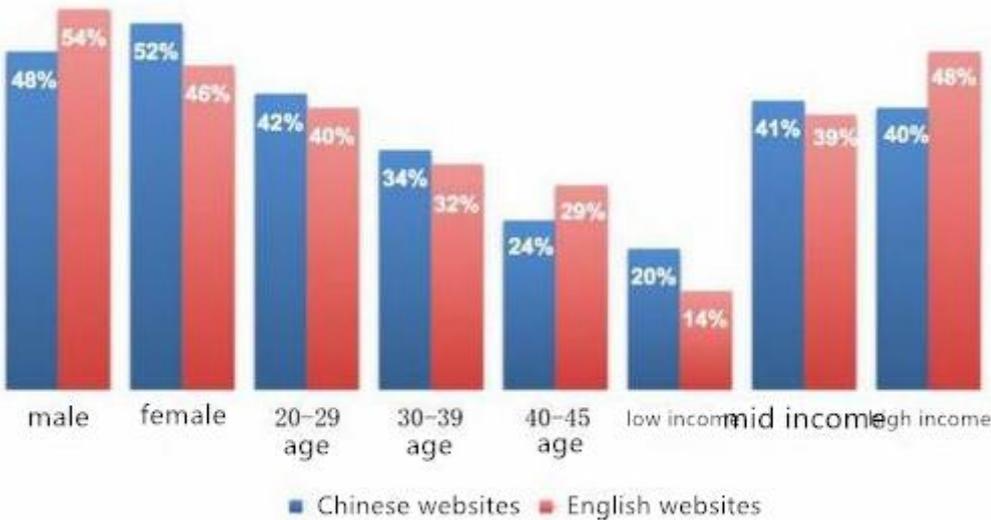


Chart 1.10 – Consumers who buy products from Chinese and English websites are divided by age and income

In addition, the core of cross-border online shopping age distribution between 20-29 years old, in Russia, this age group is one of the most active age, they have a deeper understanding of international payment. About 40 percent of the respondents in this age group have experience in English and Chinese retail platforms, shopping.

The development trend of Russian e-commerce and cross-border e-commerce market

1. Investment trends in e-commerce. In 2010, 2011 and 2012, according to official data, the Russian online retail industry attracted a total of \$950 million, including \$400 million in 2012. The amount is low relative to the billions of dollars China attracts. Currently, Russian e-commerce transactions account for 2.2 per cent of total retail trade,

which is about 0.2 to 0.3 per cent per year. Since 2010, e-commerce has become a new direction for Russian and foreign venture capital.

Table 1.2– Russian online shopping site ranking (top 10)

Russian online shopping site ranking (top 10)		
sort (Shopping)	area (Russia Federation)	
排名Rank	域名Domain	分类Category
1	allexpress.com	Shopping
2	market.yandex.ru	Consumer_Electronics
3	ebay.com	Shopping
4	ulmart.ru	Consumer_Electronics
5	wildberries.ru	Clothing
6	dns-shop.ru	Consumer_Electronics
7	ozon.ru	General_Merchandise
8	citilink.ru	General_Merchandise
9	mvideo.ru	Consumer_Electronics
10	lamoda.ru	Clothing

2. Growth trend of transaction scale. In 2015, the Russian e-commerce market is expected to reach \$36 billion, three times the size of 2012 and 4.5 percent of the retail trade, and the total volume of e-commerce in Russia is expected to reach \$50 billion by 2020. The behavior of online shopping will become more active, the purchase quantity will be increased, and the choice of goods will be more abundant.

Merchants to provide goods will fully diversified, shoppers will also be more skillfully to online shopping, online shopping frequency also increases at the same time, the average DingChanJia will rise, business income per capita also increases. By 2020, Russian e-commerce sales are expected to account for about 5% of the total for the full year[13].

1.3 Electronic trade between Russia and China

The basic situation of cross-border e-commerce in China and Russia

Russia has become an important overseas market for cross-border e-commerce in China. Chinese e-commerce entered the Russian market late, but the market share in Russia increased rapidly. Since 2010, China electric business, small and medium-sized enterprises from the official website or the third party trading platform will come into the market, just a few years, China's electricity in the e-commerce market share has grown steadily, its sales have accounted for 70% of total sales of Russian foreign electricity. In many cross-border electric business platform, China electricity giant Alibaba's global speed sell tong has become Russia's largest e-commerce sites, dominant in the Russian cross-border electricity dealer market, has the largest market share. It accounts for 35% of Russia's cross-border online shopping market. Followed by e Bay, which accounts for 30%; Amazon ranked third, accounting for 7.5%.

1. Trade scale. There is no authoritative data on the total cross-border e-commerce trade between China and Russia. The commerce ministry website shows that the total amount of goods sent to Russia through the Chinese e-commerce platform is not less than \$4 million per day, and the number of parcels is about 300,000. According to Alibaba's website, the company has 4 million active users in Russia, about \$2 million a day in shipments to Russia, and double the number of holidays. In 2014, Chinese e-commerce sales totaled \$3.5 billion in Russia, according to the eastern and western digital news.

2. Types of transactions. Chinese and Russian cross-border e-commerce platforms, including clothing, shoes and hats, electronic products, cosmetics, tea, toys, household products, auto parts, and so on. In addition, as the rouble falling, sino-russian cross-border electricity appeared another trend, namely trade flows change - by electric business platform from the commodity exports to China increased obviously, ecology, environmental protection, such as honey, flour, fruit juice products, transit of leather products, European and American luxury was welcomed by Chinese online consumers.

3. Logistics In the game of cross-border e-commerce market, having efficient logistics and secure payment system is the key to win. In terms of logistics, China and Russia e-commerce product logistics distribution cycle is between 3 ~ 50 days. With DHL, UPS, EMS and other large-scale international logistics enterprises cost is higher, the Chinese electrical business mainly to transport the goods by air charter flights between China and Russia special line, but it faces many uncertain factors and legitimacy and there is no guarantee that the goods safety. On January 19, 2015 China post and Russian railway company signed an agreement to open China post to Russia's international postal business of railway transportation, for the sino-russian cross-border electricity logistics provides a new choice is more safe and economical, reduce transportation costs. In addition, Chinese e-commerce companies are actively trying to build the frontier and overseas warehouses. In June 2014, China opened its first border warehouse in Harbin with an area of 3,000 square meters, which will shorten the delivery date to 10 days.

4. Through cooperation with third-party payment platforms, Chinese and Russian cross-border e-commerce companies take online and offline payments in various ways.

In online payment, China and Russia cross-border large e-commerce and Russian mainstream payment system Web Money, Yandex Money, Pay Pal and other cooperation, in addition to the global speed sales network also opened mobile payment business.

5. Customs clearance. Chinese and Russian cross-border e-commerce customs clearance methods mainly include "white customs clearance" (i.e. customs clearance through formal customs procedures) and "grey customs clearance". In order to reduce the cost, Chinese businessmen usually adopt grey customs clearance, but the grey customs clearance makes the entry goods have no legal status, and the security is not guaranteed. In 2015, with the strong promotion of the Chinese government, the cross-border e-commerce service of China and Russia opened a new model. On April 8th, sino-russian cross-border business customs clearance service platform in the heilongjiang suifenhe the official opening, realized with Russian electric business platform, electric business enterprise, logistics enterprise operating system and the general administration of customs electronic port docking system, adopt "listing nuclear and collect declares" go through the customs clearance formalities, regulatory customs online real-time monitoring, thoroughly break the traditional "gray clearance" trade between China and Russia, send sunlight to realize cross-border trade between China and Russia, landmark development of cross-border trade between China and Russia. Since 2014, china-russia cross-border e-commerce has entered a new stage of accelerated development. With low commodity prices, good quality and superior service, Chinese e-commerce companies have won more users from Russia and e-commerce sites, and the number of clicks on e-commerce sites has increased

significantly[14]. In the second half of 2014, the global quick sale website visited 15.6 million times, far higher than eBay's 3.7 million and amazon's 1.4 million times. Since 2014, 63% of Russian Internet users have bought goods from China, according to Yandex. Chinese e-commerce is accelerating the expansion of the Russian market. In May 2015, Alibaba opened its first representative office in Russia, further promoting its business in Russia and strengthening cooperation with the Russian government. In June, the second Chinese e-commerce giant, jd.com, also entered the Russian market. Jd.com has officially opened a Russian overseas station on the day of the anniversary (June 18). It has invested heavily in logistics service construction and gradually opened up the Russian market through two modes of online self-operation and open platform.

Development of cross-border e-commerce in China and Russia

1. The rapid development of Russia's cross-border e-commerce market.

The development of Russian e-commerce is relatively late, and has a lot of room for improvement. According to reports from relevant Russian authorities, the e-commerce market in Russia developed well in 2015, with a growth rate of 7% and a turnover of about 750 billion rubles. Cross-border e-commerce is growing at 5 per cent, with turnover of about 220 billion rubles, or about a third of its e-commerce market. Since 2015, the Russian government focus on development of the Internet economy and cross-border trade, statistics show that in 2014 the Russian international B2C market scale has been expanded to about \$5 billion, including merchandise from China's most popular with the Russian customers, throughout the year on the e-commerce market in Russia's three big shopping website platform Alibaba, eBay and amazon to complete about 70% of all sales orders from China.

2. Sino-russian customs actively cooperate to promote the development of cross-border e-commerce.

To promote the development of cross-border e-commerce in China and Russia, China and Russia have cooperated actively. On August 8, 2014 in suifenhe, wave granite within, dongning, Bohr tufts card port regulation result are mutual recognition, greatly save the goods customs clearance time, improve the level of trade facilitation. In September of the same year, China and Russia established the "green channel" project, giving preferential customs clearance to enterprises, greatly reducing customs clearance procedures and cargo inspection time. In April 2015, china-russia cross-border e-commerce clearance service platform was officially opened in suifenhe, marking a comprehensive upgrade of china-russia cross-border e-commerce service platform. In the same year on September 3, customs between China and Russia signed the general administration of customs of the People's Republic of China and the Russian federation of customs about the container shipping trade in goods supply chain security and convenience of the protocol, aimed at by the two sides in logistics information resource sharing and exchange, improve the operational efficiency of the customs, to speed up the goods the customs clearance time.

3. Chinese e-commerce enterprises accelerate the layout of the Russian market.

According to statistics from relevant departments, the market share of Chinese e-commerce enterprises in Russia increased by about 30 times in 2015 compared with 2014, reaching 57%. Chinese e-commerce companies are expected to continue to grow at a rate of 30 percent in the future. In the Russian e-commerce market, Ali Express, a unit of Alibaba, quickly opened the market with its affordable prices and abundant

commodities. In 2014, the global speed sell tong to 15.9 million monthly visits to become the number one cause of Russian e-commerce market shopping site, significantly more than Russia's domestic electricity Ozon. Ru and international electric business platform of eBay. Com. In June 2015, the company set up a branch in Russia. According to Russian e-commerce enterprises association analysis, speed sell tong as Russia's most popular online store in 2015, the speed sell number of monthly unique visitors reached 23.8 million, with Russian users account for 15% of the total number of users[15]. From the user scale, in Alibaba's wholesale business, Russia is the third largest market after the United States and China. At the same time, jingdong mall of cross-border electronic commercial platform - global sales of jingdong Russian station in June 2015 the official opening, and with Russian SPSR - Express delivery enterprises signed a cooperation agreement, the construction of logistics services, optimization of the Russian market. According to petrovsky, a price analyst, jd.com is expected to occupy 20% of the Russian e-commerce market within five years.

2. ANALYSIS OF ALIBABA DEVELOPMENT IN CHINA AND RUSSIA

2.1 The background and development history of Alibaba

The creation and development of Alibaba

Founded in 1999 by its current CEO, Jack Ma, in Hangzhou, Alibaba is trying to build an e-commerce trading platform that connects small and medium-sized enterprises and the Internet user community. Through this platform, enterprises and customers can achieve transaction effectively and efficiently with low transaction cost. Small and medium-sized enterprises and shops can overcome the difficulty of opening physical stores, marketing and marketing channels. Internet users can also enjoy shopping through this platform easily and quickly. Alibaba used in practical action to change the Chinese commercial economy, has become a global B2B (Business to Business), the famous brand of electronic commerce, is the world's largest online trading market and the Business community. In May 2003, Alibaba founded Taobao to open the Business to Customer service. In December 2004, Alibaba created a third-party payment platform alipay. In April 2008, Alibaba set up Taobao mall, which later evolved into today's Tmall network, which has its own brands and offline stores and retailers.

Since March 2010, Alibaba has expanded its market service through juhuasuan.com. In April of the same year, we set up a global speed sale and entered the cross-border e-commerce market. In July and August of the same year, Alibaba bought two American companies, Vendio and Auctiva, to enter the e-commerce consulting

service, software and tools services market. In June 2011, Alibaba reorganized Taobao to break up Tmall and juhuasuan.com, making the organizational structure of Alibaba more flat. The size of the Alibaba group maintained high-speed growth in recent years, in the process of development, the Alibaba, Taobao and Alipay, two pieces of the core business enterprise management level and stable cash flow situation, and based on these two accumulation of vast users and large amounts of trading information platform, the construction of the Internet data platform ali cloud, the reasonable use of customer data, transaction records, such as traffic information data resources for cash. It can be seen that part of the reason for Alibaba's continuous expansion is to strive for a larger customer base and more good brand business resources. Alibaba group is composed of a number of subsidiaries, among which the three most famous are Taobao, Tmall mall and global express. Taobao.com, the largest e-commerce platform in China, achieved \$190 billion in sales in 2013. Tmall mall is Alibaba's B2C e-commerce platform. In 2013, the transaction volume reached us \$82.1 billion, accounting for 57.3% of China's B2C Internet market share in the first half of 2014. Aliexpress is Alibaba's international business-to-consumer e-commerce platform, covering Russia, Brazil, the United States, and more and more southeast Asian countries. Although the international e-commerce business accounted for just 2 per cent of Alibaba's total revenues in the fourth quarter of 2014, it was up to 110%.

Alibaba group business model.

Alibaba group's companies can be divided into three categories according to business content: e-commerce business operation platform, business support platform and financial platform.

1. E-commerce business operation platform.

Alibaba.com, one of the group's subsidiaries, was listed on the Hong Kong stock exchange in November 2007 and was formally delisted from the Hong Kong stock exchange in 2012. At present, Alibaba group's e-commerce business has been transformed from the first B2B business to the diversified e-commerce business including B2B, B2C and C2C. Data analysis shows that Taobao, Tmall and alipay constitute the main value of Alibaba group now. The original Taobao was broken up into three subsidiaries :(1) Taobao, dedicated to search and comparison services; (2) Taobao, focusing on C2C e-commerce business; (3) Tmall mall, focusing on B2C e-commerce business. The search technology function of Yahoo Has been used as an independent search of Taobao.com, which can be used to transmit the data of Taobao's search platform in real time. In addition, Alibaba international station is more important in the business operation platform. The business focus of this platform is to provide comprehensive services for China's many export enterprises. The platform has the supporting international logistics service, which can provide the corresponding logistics service for the export enterprises in China.

2. Business support platform.

Alibaba group's business support platform includes ali cloud, ali mama, ali software and so on. Alibaba group has established Alibaba cloud, mainly for the development of cloud computing, cloud storage, big data and other fields. Ali cloud, cloud computing, cloud storage and data processing ability successfully support the Taobao "double tenth a" activities, make hundreds of millions of Internet users will be able to normal access to online shopping platform and trade at the same time. In search technology, Alibaba

group took full ownership of yahoo China in 2005 and fully developed yahoo's search engine technology to set up its own search site, aliyun search. Ali mother is a C2C advertising trading platform, serving the small and medium businesses in Taobao. Unlike Taobao, which deals in physical goods, it deals in advertising. Ali wangwang is the representative product of Alibaba software company, which is the instant messaging software for Taobao products and customer service. With the development of Alibaba's support business, the payment mode on the international site has been completely transformed into a completely online transaction mode and experienced a leap-forward development.

3. Financial platform

Alipay is the leading domestic third-party payment platform, originally as a third party guarantee way to trade, with commercial Banks, financial institutions, online business and offline stores of strategic cooperation, the coverage is more and more wide, size is also growing. Personal retail idle funds in the paypal account FuBao wen also provides value-added services to balance the balance Po, gather the main investment funds in the monetary fund safety, liquidity higher enterprise integrating tools, more flexible and the time of withdrawal, the rate of return is higher than current interest rate on a regular basis. In order to better carry out the business, Alibaba group bought the controlling stake of tianhong group, and invested yu 'ebao into tianhong's zenglibao monetary fund.

As the Internet industry after continuous innovation, and Alibaba from the two other Internet giant tencent and baidu, Alibaba group into more mobile Internet business, expand the group's business scope, such as social software, Internet map, Internet,

travel, local life, the browser, and other fields, including participation in development or a stake in sina weibo, Scott map, quick take a taxi, Meituan, QQ browser, etc. In order to meet the needs of international market, Alibaba international station is compatible with various payment methods, such as common credit CARDS, checks, etc. And from the online payment of international cooperation, in Russia, with WebMoney and QiWi Wallet, we will dock with Boleto in Brazil. These three payment methods have advantages that alipay does not have in cross-border payment and settlement.

Alibaba's international layout.

At present, although Alibaba group has not officially added internationalization to the overall enterprise strategy for a while, its business development has no shortage of international attempts. Alibaba in 2010 to set up the global speed sell tong (Aliexpress), enter the cross-border electricity field, based on Alibaba in the Chinese market a good brand awareness, leading the market competitiveness, on the basis of service in the Chinese foreign trade export business and overseas buyers. In foreign operations, Alibaba has inherited the main business model, which is that online platforms are built based on local culture and language. Alibaba in the domestic market has been basically completed the horizontal integration of layout, the business scope has penetrated into all the electricity in the dealer market, and is different from the jingdong, shop no[16]. 1, such as platform, Alibaba is not set proprietary trading, thus the Alibaba has no plan to vertical integration. In addition, according to the theory of incomplete competition, Alibaba has a monopoly advantage in the Chinese market after years of settlement, and it also has the foundation to carry out the internationalization strategy. From the perspective of production compromise, Alibaba has effectively transformed market

share and diversified market layout into internal competition force through the force of scale and scope economy effect. Therefore, Alibaba's international layout can reach the broader market, and then expand the group's business scale and increase the profit of the group. At the same time, the risk of internationalization is limited to the amount of overseas investment, and domestic business is hardly affected by international attempts.

2.2 SWOT analysis of Alibaba and other Chinese cross-border e-commerce development in Russia

Advantage analysis (Strength)

1. China's manufacturing industry is relatively perfect and developed

The development of Russian light industry is relatively backward, and China has a complete manufacturing industry chain and product category, which has a comparative advantage for Russia. Compared with western countries, Chinese products have the advantage of low price and high cost performance. Russian consumers shopping through cross-border e-commerce platform is the main value of commodity prices were low and more diverse categories, products have such advantages in our country, has great appeal to Russia.

2. Rapid development of cross-border electronic business of Chinese e-commerce enterprises

Emerging in recent years, the cross-border electricity business model, according to the China electronic commerce research center, according to the monitoring data in

2015, the Chinese cross-border electricity transaction size of 5.4 trillion, rose 28.6%, emerge including Alibaba speed sell tong, JingDong mall global purchasing a batch of well-known cross-border e-commerce enterprises. Meanwhile, a number of new cross-border e-commerce companies, such as LanTing, Milan net and LongLong.com, have risen rapidly. These cross-border electricity enterprises by providing information services, a variety of forms such as online trading platform to carry out foreign B2B business, and make use of information technology such as mobile APP to carry out a variety of cross-border trade way, become strong competitors in cross-border e-commerce market[17].

Weakness analysis

1. The low price homogenization competition of Chinese e-commerce enterprises is serious

In order to cope with the fierce market competition and gain more market share, Chinese e-commerce enterprises, including quick-selling, mostly adopt low - price competitive strategy. At the end of 2013, the company launched a Russian group buying activity. Many sellers pointed out that the rules of participation were strict and the discount requirement was very high, which was a "loss of money". Simply relying on the low price strategy to compete for customers' lack of sustainability can lead to a decline in competitiveness. In addition, at present the most Chinese cross-border electricity sales model is a typical "selling products", since most product design, function, appearance or price level convergence, the user choice is very big, hard to cultivate customer loyalty, is not conducive to the long-term development of the enterprise.

2. Logistics distribution in Russia is difficult and inefficient

Russia stretches across Eurasia, the market is very fragmented, the logistics distribution is difficult and the time is too long. With the most common way of postal delivery of goods to Russia, usually from China to the Russian border just 3 days, customs clearance need 10 days, and Russia's domestic delivery time may be 15 days, before and after is about 28 days. Customs clearance of Russian customs, customs clearance, and even customs clearance companies to do it. In addition, the infrastructure, logistics network and postal sorting, delivery etc. Mostly stay at the levels of many years ago, in front of the electronic commerce class packages exploded, a serious shortage of processing capacity and experience, leading to a large backlog of goods.

3. Low penetration rate of Russian electronic payment and low efficiency of payment

Despite the rapid development of online payment methods such as YANDEX and Money in recent years, Russians still distrust online payments, and delivery is still the main payment method. The drawback is that the purchase order from the buyer to the partner finally transfers the cash to the Chinese company, which lasts for 2 to 3 months, and the return of the capital is too long, which makes the operation of e-commerce enterprises more difficult.

Development opportunities

1. The economic and trade cooperation between China and Russia has been continuously deepened

With the implementation of China's strategy such as "One Belt And One Road" and "international production capacity cooperation", especially the conclusion of China-Russia comprehensive strategic partnership of coordination, economic and trade cooperation between China and Russia has deepened. In order to promote the coordinated development of cross-border e-commerce, China and Russia signed a memorandum of understanding on promoting cross-border e-commerce cooperation and actively promoted the "Internet + foreign trade" strategy. At the same time, the Chinese government has introduced policies to encourage cross-border e-commerce development. In the favorable environment of policy, cross-border e-commerce is expected to have explosive growth.

2. Russia's cross-border online shopping users continue to increase, and cross-border e-commerce develops rapidly

Russia has 146 million people, more than 90 million of them use Internet, and is Europe's largest Internet user base. According to data insight, the total number of shopping in Russia reached 40 million in 2015, and at least 15 million people spent abroad on e-commerce sites. In the first quarter of 2016, Russian residents spent as much as 70 billion roubles on cross-border online shopping, a double the year-on-year increase, according to research by the Russian e-commerce association[18]. Russia the number of cross-border online parcel reaches 48 million residents, is in the same period in 2015, Russian cross-border online shopping goods about 90% of them are from China, transaction amount accounts for 49% of all foreign online retailers, China electric business platform as the Russians loves shopping online store. With the vigorous development of the Russian electric dealer market and the Chinese

government policy support for cross-border electricity, more and more domestic enterprises to enter the Russian market, this will bring the development of China-Russian cross-border e-commerce strong momentum.

Threat

1. The devaluation of the Russian currency and the uncertain economic outlook

In 2015 by the Russian economy worsens, the rouble and commodity prices, the total bilateral trade between China and Russia fell 27.8%, the country of Russia's exports fell the 34.4%. In 2016, the Russian economy did not improve significantly, and some foreign trade companies remained pessimistic about the Russian market. Rouble devaluation directly affect China's cross-border electricity business enterprise for online retail, part of the Russian rouble devaluation cross-border retail electricity enterprise cannot afford the pressure, began to increase sales, leading to loss of many customers, site order conversion rate also fell sharply.

2. Fierce competition between European and American and local e-commerce companies

With the rise of the Russian e-commerce market, more and more foreign e-commerce enterprises have entered the Russian market. In 2012, more than 400 million us dollars were sold to Russia via eBay. In addition, Russia's domestic e-commerce site developed rapidly, ULMART, Russia's largest e-commerce platform, with a turnover of 62.7 billion rubles in 2015, an increase of 11 percent year on year, and expanded to 240 cities across Russia. The WILDBERRIES, established in 2004, is the online sales platform for Russian shoes and accessories, selling about 100,000

shoes, clothing and brand accessories. These local e-commerce companies have become powerful competitors for Chinese cross-border e-commerce companies.

3. Russia's indigenous protection policies

According to "global trade Alert" independent trade monitoring services (GlobalTrade Alert, GTA) data released, worldwide in the year 2013 Russia released the most protectionist policies, accounted for 20% of the world's existing protectionist policies. In 2014 Russia began to implement a new custom policy, to the online package a 10% tariff, at the same time increased the limit of the condition of duty-free entry of cross-border shopping package, parcel over restrictions impose its value 30% tariff. The implementation of the new customs policy has greatly increased the pressure on Chinese cross-border e-commerce to enter the Russian market.

3.CAUSAL ANALYSIS OF THE BUSINESS MODEL EVOLUTION OF ALIEXPRESS IN RUSSIA

Through the business model evolution of AliExpress in Russia, we can see that its marketing strategy and business model process have obvious stage characteristics, so we divide the process into three stages. In this chapter, based on theories of enterprises dynamic capability, three pillars of the organizational system, as well as the localization of technology and other related theories, we will analyze why AliExpress evolves at various stages and explore how its core competence and resources integration ability change throughout the whole process.

3.1 Business Model

Definition of Business Model

For the concept of business model, scholars have different understandings. several person have defined the concept of business model, of which the following concepts are the most representative[19]:

The theoretical research on the definition of business model from the above table shows that although domestic and foreign scholars have done a lot of research on the definition of business model, and discussed them from various perspectives, like constitution, logical relations, resource integration and strategy, but there is not a unified conclusion about the definition of business model.

This paper argues that the business model is a kind of business ability - by integrating internal and external resources to efficiently allocate every element in the face of changing market environment and eventually feed back to the market when improving their market adaptability. Also, business model is a way that enterprises can used to realize their business objectives.

Table 3.1 - Definition of Business Model

Perspective	Representative person	Year	main content
E - commerce	Timmer	1998	A framework for a product, service and information flow.
Technology and Innovation Management	Chesbrough and Rosenbloom	2008	Technology development and value creation between the coordination and transformation mechanism.
strategy	Casadesus-Masanell and Ricart	2010	The company has achieved a reflection of the strategy.
value	Gengshen Zhong and Xiaojing Sun	2006	The business model emphasizes that the integration of the enterprise with its own resources and external resources is a way of doing business that is designed to create value for the business.

Analysis on the Influencing Factors of Business Model Innovation

As with other innovation activities, business model innovation is driven by a certain driving factors. Based on the domestic and foreign summary of the driving factors of business model innovation, we found that the driving factors of business model innovation can be discussed from the technical aspect, environmental aspect and market aspect.

1. Marketization of new technology. Christensen (1997) argues that if companies want to marketize a new technology, the original business models are not appropriate, and it is imperative for companies to adopt a new business model to achieve their goals.

2. Environmental stress. Malhotm (2000) pointed out that due to the non-static nature of the business environment, enterprises must innovate new business model to adapt to the changes in the environment.

3. Market opportunities. Lindgardt et al. (2009) argue that business model innovation can help companies to grasp specific business opportunities during the economy recession.

It can be seen from the above that driving factors of business model innovation can be analyzed in the follow two aspects: the changes of companies' internal capacity and the changes of external environment.

3.2 Institutional Theory

Definition of Institutional Theory

In the modern institutional research, there are a lot of different assumptions and claims. There are three most popular views on the relationship between organization and the institution. The first view was first proposed by North (1990), which argues that the institution provides rules of the game, and that the organization is like the player of the game. In the course of the game, the organization may promote the establishment of rules, trying to design favorable rules for themselves. The second view is proposed by the new institutional economists, represented by Williamson, who argues that the organization and its structure and procedure are just the institutions, and the organization, viewed as the institution, is a system designed to manage production

activities and minimize transaction costs. The third view is made by Meyer and other sociologists who emphasize the association between events happened at the social level and the individual organizational structure and its operation, opposing the divestiture of the organization from its institutional environment[20].

The Elements of Institutional Theory

Although there are many views on institutional theory at present, Regulative, Normative, and Cultural-cognitive are identified as key elements of the institution in all these different theories.

Regulative: the institution will restrict, monitor, and regulate behavior. It is necessary to have a "third party" that is considered to act in a neutral manner to supervise and enforce the imply of the regulatory orders. In reality, regulative elements often refers to the government-centered political factors.

Normative: previous researchers believe that the institution is mainly dependent on a normative basic elements, and the normative system mainly includes values and norms.

Culture - cognitive: focusing on culture - cognitive dimensions is the most significant features of sociology and new institutionalism of organizational research. Individuals and organizations are restricted by various beliefs and cultural framework to a large extent, and will accept a variety of beliefs and cultural framework.

The Relationship between Institutional Theory and Business Model

Through the above analysis, we can see that, at present, the institutional theory highly emphasize the impact of the external environment on the organization, that is, the external environment has playing a shaping role on the business model. In the Institutional theory, the external environment may shape the company's business model

from three dimensions: regulatory, normative and cultural - cognitive dimension. Moreover, when the enterprise faces both domestic and foreign markets, it will be affected by these three dimensions from both markets.

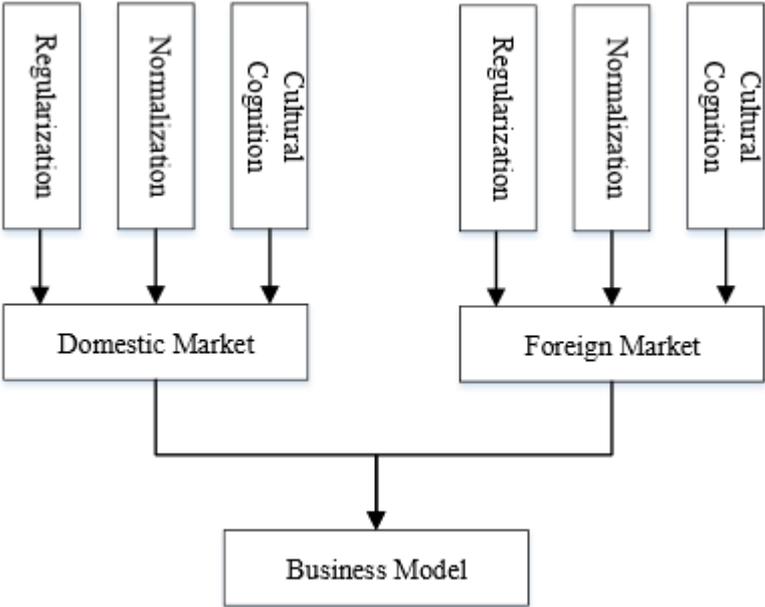


Chart 3.1 – Consumers who buy products from Chinese and English websites are divided by age and income

3.3 Dynamic Capability Theory

Definition of Dynamic Capability

The dynamic capability theory emphasizes the ability of enterprises to explore their internal and external competitive advantages in dynamic environment. It analyzes how an enterprise could do to play their own advantages to cope with environmental changes and challenges in the ever-changing environment. Dynamic capabilities are made up of

possessing ability, using ability, allocating ability and learning to update and acquire new capabilities.

Sources of Dynamic Capabilities

Enterprises began to form and have a series of resources and capabilities in their growth, and these resources and capacities are formed in the development of specific market opportunities. With the changes of the market and the enterprises' internal innovation, the dynamic ability of enterprises will also be in a new stage. The original ability of the firm, the internal learning ability, the external learning ability and the market changes become the main source of the enterprises' dynamic ability.

The Relationship between Dynamic Capability and Business Model

Through the above analysis we can see that, the dynamic capability of enterprises enable them to keep up with the changes in the external environment, while the business model is the direct focus of the dynamic ability of enterprises[21]. The dynamic ability of enterprises can promote the connection of enterprise and the external environment through the transformation of the business model, and form a competitive advantage eventually.

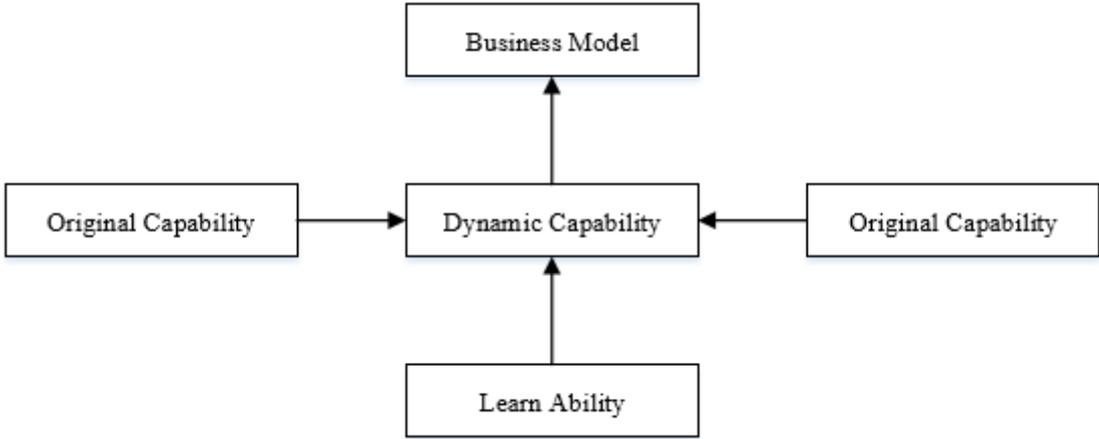


Chart 3.2 – Dynamic Capability and Business Model

3.4 Theoretical Framework

We have concluded the theoretical framework of this case by combining the above theoretical analysis.

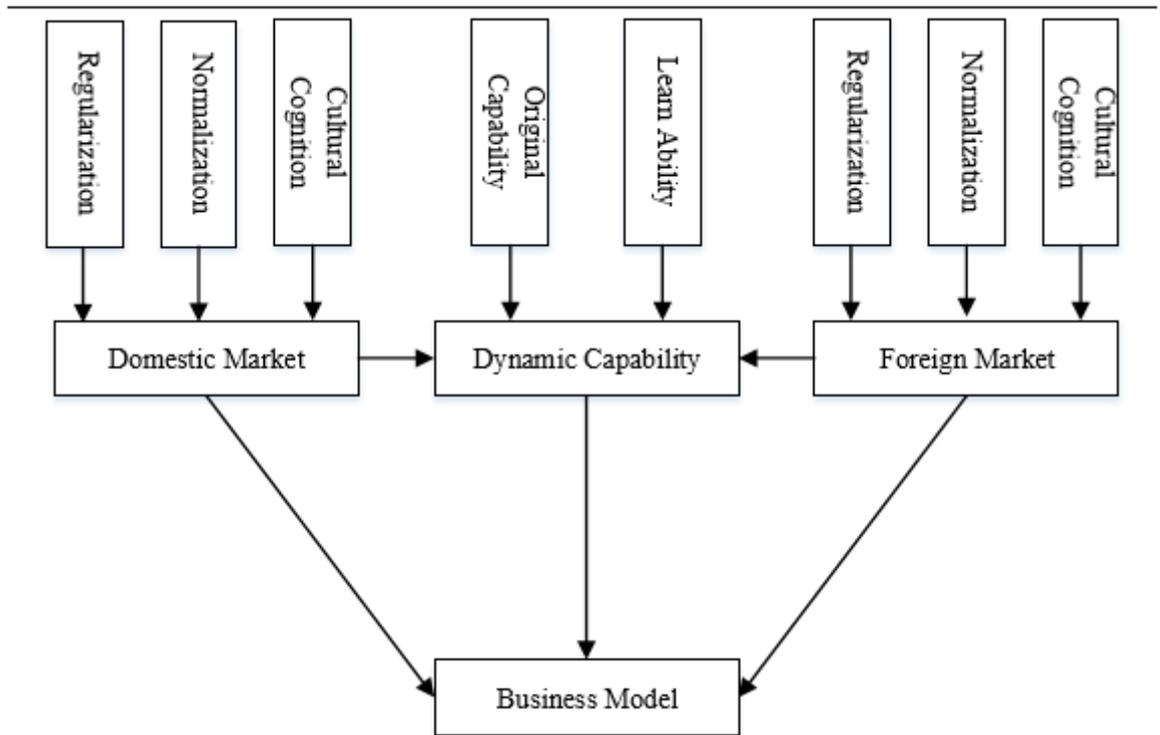


Chart 3.3 – Theoretical Framework

3.5 The Dynamic Evolution of AliExpress’s Business Model in Russia

This thesis massively collects information about the evolution of AliExpress’s business model in Russia, and connects it chronologically into a whole story to systematically show the detail of the case.

The Initial Stage in Russia-Entry

AliExpress, affiliated to Alibaba, launched and entered into Russia in April 2010. A new strategy was made in AliExpress in 2012- to expand customer flow as the first thing in order to enter into the Russian market. On the basis of setting aside enough budget for ad, AliExpress focused on VK, the largest social media in Russia, and accumulated its initial users by its official account. At the same time it transferred the original purchasing agents in Taobao into AliExpress, and those purchasing agents became the opinion leaders who affects deeply to the potential consumers.

AliExpress tried very hard to meet purchasing agents' demand to improve their initiative. Firstly, they would be informed the promotion news at the first time, which greatly reduced their purchasing price. Secondly, they would know which goods were the most popular as soon as possible so that they could increase sales volume. What's more, they could accumulate purchasing volume by using the specific purchasing ID and the more they accumulated, the more goods they could get for free.

By the stimulation of social media and purchasing agents, AliExpress' orders volume grows at the geometric level. At the end of 2012, the volume in Russia was more than 10 times than the beginning of the same year, and more surprisingly, the average volume of daily order reached 30000 from 7000.

The Middle Stage in Russia-Deep Exploration

In March of 2013, a daily order volume boosted to 17000, equal to 5 times of its original volume, because of an efficient promotion in Russia, which exerted great influence on the transportation between China and Russia. The inefficient delivery capability of Russia's express industry caused many packages postponing more than 90

days. Consequently, 10 thousand or so consumers complained to government by Email, which attracted the attention of Russia's Express' company to AliExpress. Later, Russia's Express company directly connected with AliExpress by EDI system and thus could transmit information about packages to Russia's Express company and customs, which greatly improve the efficiency of custom clearance and sporting goods. In "double 11" of 2014, AliExpress participated Alibaba's promotion for the first time and its 3 million packages in Russia could be delivered successfully by Russia's express company.

AliExpress was beginning to study how to copy its innovative model and E-commerce experience to relatively underdeveloped Russia market while was expanding market and solving the problem of cross-boarder logistics. In May 2014, AliExpress launched its substation in Russia - ru.aliexpress.com which consist with Russia's local style in the way of shopping, promotion activities and so on.

To meet the diversified demands of consumers in Russia, AliExpress launched its group purchasing program with the highest user viscosity accounting for more than 17% users in the whole platform. What's more, ru.itao.com, another shopping guide program, offers channel to buyers to share the feeling about goods, such as size and material of clothes. Itao grows rapidly since its birth and the purchasing rate has reached 10%, which means that it is highly recognized. By September 2014, AliExpress is the first place among all the E-business website in Russia.

As the update of the demand of Russia's consumers, AliExpress began to improve the quality of settled sellers. At the beginning of November 2015, AliExpress pushed out function of renew company ID to encourage sellers on the platform to transfer from

C to B. 7 September, AliExpress officially published new rule of entry standard and established the route of cross-boarder B2C. 15 August 2016, it completed its transformation from C2C to B2C. Since then, all the seller at the platform belongs to enterprises.

Maturity and localization

From October 2014, AliExpress began to develop local sellers, and introduced local companies to enter into its platform and it promoted their selling and help them trade with other countries at the same time. That is “purchasing globally, selling globally”.

Compared with the express industry in China, Russia still stays at the initial stage. The main delivery way is surface mail. Nearly 95% goods are delivered by Russia’s post service. Surface mail means that buyers can’t catch the immediate information lasting for 15-30 days. To solve this problem, AliExpress expects to cooperate with Russia’s post service to build a more efficient model.

After the transformation from C2C to B2C, AliExpress’ s next step is branding and localization, and continually enhances the shopping experience of consumers overseas.

3.6 2010-2013: Flow Expansion Based on Cultural-Cognitive Elements

At the very beginning of entering into the Russian market, AliExpress applied the traditional cross-border electricity business model, that is, China's domestic sellers, through the intermediary AliExpress to attract Russian consumers. Then the goods were transported through international logistics to Russia, and delivered to buyers in the end. Alibaba has a large number of consumers in China, while the first problem faced AliExpress after its entry into the Russian market was the consumer flow.

When a corporate first enters into a foreign market, the local institutional environment and other external factors tend to influence what a business strategy a corporate choose[22]. At that time, whether the chosen business model and marketing strategy was consistent with the corporate organization legitimacy weighed a lot. As a result, we explain its strategy and mode in the first stage with three pillars of the organizational system theory. The theory of Regulative, Normative, and Cultural-cognitive are identified as key elements of the system, and all of these institutional elements construct a strong but flexible social framework in an independent and reinforcing way.

Regulatory basis elements

The system can restrict, regulate, and manage behavior. The system includes formal or written rules, and informal rules, such as non-written acts of law, which play a fundamental and complementary role for the written rules. It is necessary to supervise and enforce regulatory orders by "third parties" that are considered to act in a neutral manner. Due to just as a platform rather than a physical company in Russia, AliExpress was not restricted by regulatory elements at the very beginning entry. On the contrary, it still benefited from the Russian tax relief policy for cross-border electricity consumer spending limits.

Normative basis elements

The system of social life has a descriptive, evaluative and obligatory dimension, which is a normative rule. The normative system includes values and norms.

From the perspective of normative factors, As Russia's domestic e-commerce market is still not developed, which has not yet formed a unified and strong norms, the

entry of AliExpress in a certain sense, promoted its improved industry norms. As the consumption demands of residents in China and Russia have their resemblance, the Russian consumers have common values with the majority of Chinese customers, that is, preference for cheap and cost-effective goods. Therefore, AliExpress continued its same strategy of China at the beginning of entry into Russia, namely a very simple business model with a low-cost target to attract low-end customers in Russia, and achieved good results.

Culture-Cognitive Fundamental Elements

Culture is not only a subjective belief, but also a symbolic system that is perceived as objective and separate from individual actors. Individuals and organizations are largely constrained by and accept various belief systems and cultural frameworks. The concept of culture-cognitive system emphasizes the common meaning of the community with society as a medium, and plays a very important role for the construction of organization and actors.

From this point of view, we can easily find the cultural-cognitive factors served as decisive factors for its early stage model and strategy. From the previous case we learned that Russian people love the social network. The penetration rate of smart phones is 40%, while the monthly access to social networks is up to 9.8 hours, ranking first in the world. Therefore, its social network culture dominates in the social mainstream culture. The social platform is undoubtedly a key channel for message exchanges. VK, Odnoklassniki.ru and Facebook are there very popular social networks among Russia, but these sites are just a simple browsing portal, and don't establish their own products and services platform.

For the consideration of cultural awareness, AliExpress decided to take Russia's largest social network site VK as the entry point to expand their consumer flow. It is worth noting that the Russian Taobao enjoyed more popularity than AliExpress at that time, and has formed Taobao purchasing industry. This format was also reflected in the VK. There were tens of thousands of groups themed with Taobao purchasing in the VK, who took a full-time, relying on the Chinese friends circles or their proficient Chinese to help Russian consumers in Taobao purchasing. These people led the online views, cultural and cognitive tendencies for cross-border consumption, so AliExpress targeted these groups to shift them from Taobao purchaser to AliExpress purchaser through social media operations and purchasing business incentives. By doing so, AliExpress achieved surging orders.

AliExpress's marketing strategy based on cultural-cognitive elements has achieved remarkable results. At present, there are more than 2 million fans for AliExpress official account on the VK, and there are a large number of Russian users who use photos and activities to express their love for AliExpress[23]. It is worth mentioning that the image of Santa Claus drawn by the Russian children in the New Year turns out to be the image of the Chinese grandfather.

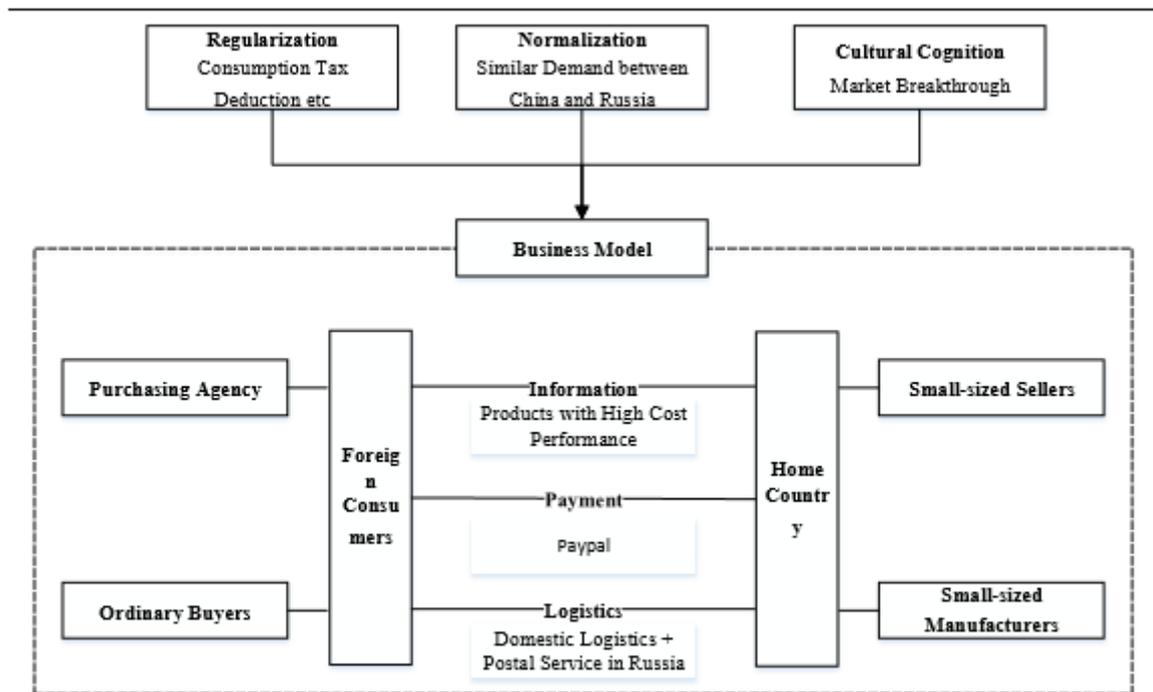


Chart 3.4 –Business model of stage 1

3.7 2013-2015: Resource Integration Based on the Evolution of Dynamic Capability

After a series of marketing and strategy plannings, AliExpress gained a firm foothold in Russia, and its business model changed with the market condition. AliExpress copied its successful experience in home country into Russia and during that process, it reintegrated local resource and readjusted its business model according to the market situation. Naturally, AliExpress’s core competence changed fundamentally.

AliExpress’s Original Capability

1. E-business Operation Experience in Underdeveloped counties

Different from other competitors in Russia, Alibaba comes from China where the infrastructure, internet penetration and consuming habits lag behind the developed countries. Alibaba grows up under such an imperfect environment, which in turn helps it accumulate rich e-business operation experience in underdeveloped country.

1. Good Partners Network in Home Country

After several years development in China, Alibaba has built great cooperative partnership with many related companies. As to logistics, the convenient and extensive express companies contribute a lot to Taobao's development; As to payment, Alipay, the core of Alibaba's payment system, smoothly work with most of banks in China to provide excellent service for online consumers.

2. Gathering Abundant Sellers And Manufacturers

Start from B2B, Alibaba gathered abundant manufacturers initially, and later, with the development of C2C and B2C, it attracts a large number of sellers.

These resources promote the development of AliExpress

The Change of Market Environment

1. Market in Russia- Lagging Infrastructure and Improving Demand Level

The infrastructure in Russia is relatively underdeveloped. For instance, its logistics in 2013, with only 30 thousands packages daily delivery capability, its post service also performs badly in international delivery - more than 30 days on average. Its inefficient delivery system can't meet AliExpress's need. At the same time, after the period of opening Russia's market by high quality products with low price, it is increasingly important for AliExpress to accumulate consumers by improving online shopping

experience. diversification and quality of products, safety of payment and the speed of delivery are all important factors to AliExpress.

2. The Changes of Market in Home Country - Rise of Cost and Improvement of Production Capability

As the economy development in China, the labor cost is gradually higher which makes impossible for sellers keeping high profits by low price strategy, and thus discourages sellers. However, companies in China has accumulated rich production experience years by years by OEM and ODM for global brands. Their production ability is no lower than global brands. Unfortunately, the improvement of quality fails to increase the rise of price efficiently, and this mainly because of the loss of brand.

3. The Change of Platform - the Improvement of service and the lower price

AliExpress has accumulated abundant loyal customers after nearly 4 years development. Seller on the platform also grows very fast, and some of them even has more than 100 million Yuan selling volume. To create a better shopping experience, more and more sellers begin to built overseas warehouses to shorten the distance between consumers and goods, which gives consumers a better shopping experience both in delivery and in after-sale service. But due to the introduction of small-sized sellers at the initial stage, AliExpress 's per customer transaction values only 25 US dolar, equivalent to half of eBay. The reason is that these sellers has to lower their price to get more orders because of their limited capability.

Learning ability

There is uniformity in the change of sellers, buyers and platform to some extend, in other words, the level of buyers' demand, the quality of sellers service and the

production capability of manufacturers all demonstrate an upward trend. These three dimensions are crucial to e-business and they are connected with each other. The key points including the lagging infrastructure in Russia, the manufacturers without brands in China and the limitation of service quality bring both obstruction and opportunity to AliExpress. As an experienced company, it appreciates these problem, so that it reintegrates domestic and overseas resources to eliminate the weakness and improve its core competence.

In terms of interior of AliExpress, it completes the update from C2C to B2C. This not only improves the admittance level and sellers capability, but also enhances ALiExpress's service function to strengthen the cultivation to original sellers. More importantly, AliExpress provides brand support for domestic companies and promotes brand building of products made in China by advancing its own image.

In terms of exterior of AliExpress, it copies its domestic successful experience and launches Russian website, group purchasing project and shopping guide program Itao etc., which gives consumers more choices. What's more, it also enhances cooperation with post service in Russia to improve the delivery quality.

New Dynamic Capability

AliExpress's dynamic capability is renewed at the process of deep exploration of Russian market. On the basis of its original ability, AliExpress learns how to copy its domestic experience to foreign countries and how to integrate both domestic and overseas resources together. While adapting itself to the changing market environment, AliExpress also gradually changes outside market condition. At abroad, the development of AliExpress promotes the upgrade of Russian consumers' online shopping needs, and

it becomes a backward force to stimulate a better infrastructure in Russia; At home, AliExpress improve the service level of domestic sellers and their brand images[24].

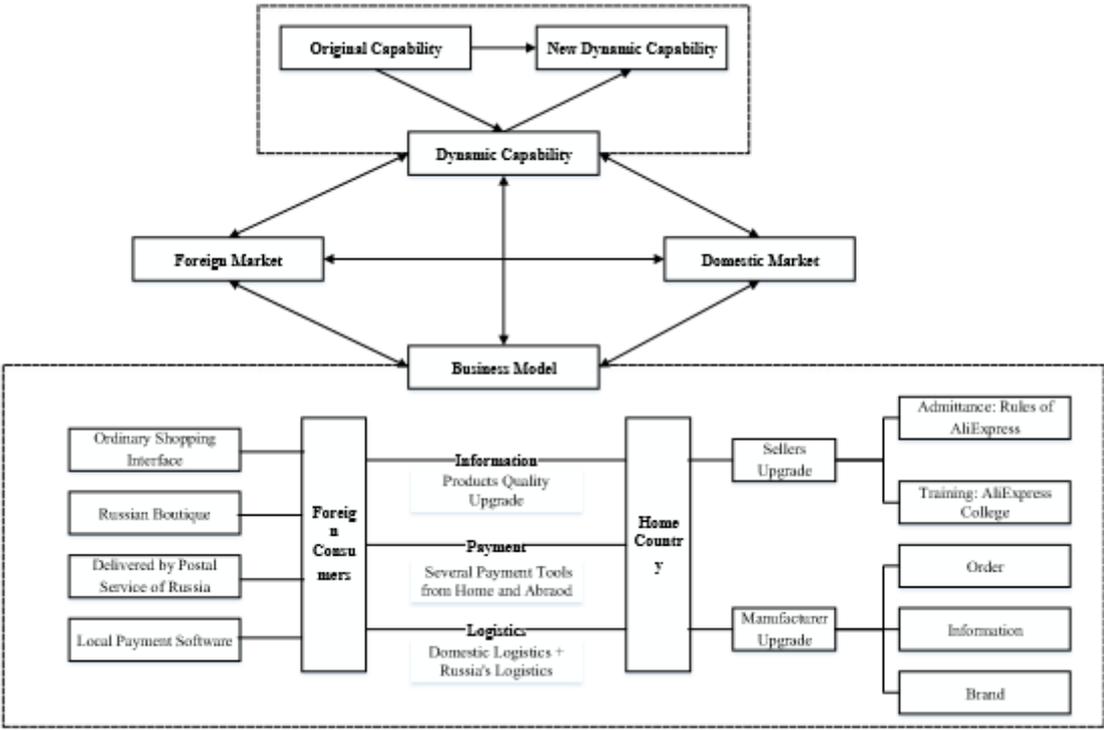


Chart 3.5 –Business model of stage 2

3.8 2015-Now: the New Development of AliExpress's Dynamic Capability

In June 2015, the branch company of AliExpress in Russia was officially found. AliExpress in Russia has made great success in the second stage of deep exploration. As its business model becoming gradually mature, its dynamic capability has to be improved because of the change of its inner and outer environment.

AliExpress’s popularity was spread after its transformation from C2C to B2C. What AliExpress has to do now is to dig potential customer on the basis of keep the original market, and at the same time to expand the operation scale of its platform, better its

brand image and users' experience. At the new stage, AliExpress begins to focus on localization, branding, and the update of its service.

The Upgrade of Related Service

At the new stage, AliExpress realizes its innovative objectives in term of logistics and payment which is combined with its operation in home country.

As to logistics, AliExpress provides several types of logistics featured economy, simplicity, standard, and speediness and so on. And each types of logistics contains a number of logistics services that cooperates with logistics company both home and abroad. Therefore, sellers can choose the most suitable logistics service according to their personalized needs.

As to payment, AliExpress devotes itself to the connection between Alipay and payment tools abroad to update the relatively underdeveloped payment system in Russia. AliExpress charges only 5% per order of its total value after the transaction finished as its service fees, which is the lowest level compared with other similar platforms in the world. Besides of international Alipay, AliExpress also supports the payment of MoneyBookers which provides more than 50 payment patterns ,including credit card, debit card and other popular patterns in Europe. And it is necessary to point out that AliExpress open quick pay channel for Maestro、 Solo、 Carte Bleue、 PostePay、 CartaSi、 4B、 Euro6000.

Table 3.2 - the expense of different electronic payment

Payment Tools	Account Opening Fee	Login Fee	Transaction Fee	Payment Fee	Withdrawal Fee	Profits (Worth 300USD as example)	Fees Saving
T/T	No	/	/	15-50USD	No	285-250USD	/
Alipay	No	/	5%(3% for some transactions)	/	No	285USD	41USD at most
Other Cross-boarder Online Payment Tools	No	0.1-1.5USD	1.5%-5.25%	2.9%-3.9%	10USD or so	276-261USD	25USD at most

Localization

AliExpress realized the ambition of “purchasing globally, selling globally” by introducing local companies and helping them sell their products to both local and foreign markets, which in essence demonstrates its ultimate positioning-a global platform which sells and buys goods around the world freely. Therefore, AliExpress’ s localization strategy shows its deliberation to market competitiveness and opportunity, and it is also the best way to improve consumers online shopping experience.

According to the logic structure of dynamic capability theory, enterprises should find and define new opportunities and make strategies based on external environment analysis, and complete specific strategy by working with temporary and discontinuous partners. What’s more, to strengthen its advantages in the fierce market, they should also compete by cooperation, develop new advantages and update their partners all the time. In the present market of Russia, the traditional giants such as Amazon and eBay still play crucial roles in the middle and high-end market, and the growth of the emerging local e-business contributes to the increasing intense market competitiveness. However, Russia’s E-business system is still immature so that most of the local companies are still unfamiliar to the new-type operation model. Under such a situation,

AliExpress captures the opportunity and expands its operation scale and improves its competitiveness by cooperation with local companies. In this way, AliExpress updates its business model and achieve the objective of win-win.

Branding

AliExpress has began its branding strategy since 2014, and the transformation from C2C to B2C belongs to one part of its long-term strategy. At its initial stage, AliExpress's market strategy is low price. On the one hand, it expands its market share, but on the other hand, the strategy causes doubt about products quality. Consequently, consumers in Russia may biasedly regard products made in China as low price and low quality. Therefore, it is vital for AliExpress to perfect sellers admittance rules' of the platform and build a positive brand image. In addition, in order to expand market in remote area and gain interests as the first mover, branding is a must strategy that is significant to the success of AliExpress in Russia.

In the perspective of theory, the essence of company's strategy is cultivation of dynamic capability and creation of new core competences. Brand belongs to one of them, and pushed by changes of inner and outer environment to keep its competitiveness and the ability of resource integration after the company goes into a specific stage.

4. THE INSPIRING AND LEARNING FOR OTHER CHINESE CROSS-BORDER E-COMMERCE COMPANIES THAT WANT TO ENTER THE RUSSIAN MARKET

4.1 New opportunities for the development of cross-border e-commerce in China and Russia

The potential of Russian e-commerce market is huge

1. The consumer population is huge. According to YANDEX, the largest Internet company in Russia, 300 million people in the world speak Russian. Russia is the largest Internet user in Europe and 1 in Russia. About 40 million of the 83 million people in the 4.3 billion people are active Internet users, which means nearly half of the country's Internet users are on shopping online. With the spread of broadband and mobile terminals in Russia and changes in consumer buying habits, online shopping will continue to grow.

2. The consumption scale of Russian e-commerce is growing rapidly and the market potential is huge. According to Russian another dual website statistics, the scale of electricity consumption (including local electricity and cross-border electricity) has increased rapidly from 2010 in 8 billion to \$2013 in 16.4 billion, is expected to reach \$40 billion to \$50 billion by 2020.

3. The future development space is broad. Russian electricity retail sales accounted for 1.9% of the total retail sales, the proportion is 6.3% in China and the global average of 6.5% compared with the international average, Russian electricity retail sales

proportion is very low, the future development space is very large. Industry insiders believe that, regardless of economic and political conditions, the Russian e-commerce market will develop rapidly and will see a significant increase in the future.

The economic dilemma of Russia provides new opportunities for the development of cross-border e-commerce in China and Russia.

Since 2014, western economic sanctions, falling oil prices, plunging ruble and deteriorating economic conditions have directly affected the lives of Russian residents. Consumers' purchasing power will decline significantly. In the future, consumers will be more sensitive to price, and the demand will shift from high-end to medium, while the middle segment will turn to mass brands. In the case of limited income, Russian consumers' purchasing power of goods and luxury goods in Europe and the United States has declined, and the demand for high-quality and affordable Chinese goods is increasing rapidly and will continue for the long term. According to the forecast, Russia in 2015 for cross-border share will increase from the current 30% to 60%, and is famous for commodity price, quality and service advantages of China's electricity will continue to dominate the Russian cross-border electronic retailing market, the sino-russian cross-border electrical contractor will usher in a greater development opportunities.

Cross-border e-commerce will promote the economic development of Russia.

China-Russia cross-border e-commerce continues to heat up and has become a new model of China-Russia economic and trade cooperation. Chinese e-commerce companies are increasingly welcomed by Russian companies for their advantages in price, quality and service, and the development of Russia is stronger than that of cross-border e-commerce in China. YANDEX, the largest Internet Company in Russia,

has a very wide impact in the region, and it has now made it an important strategy to cooperate with China and promote the promotion of Chinese e-commerce in Russia. It by appealing to the Chinese merchants in another dual website advertising, translate the Chinese web sites more authentic, promote the consumers better understand China merchants, reduce barriers, improve the online shopping environment, increase sales, and ultimately driving the development of the enterprise itself. The development of cross-border e-commerce in China and Russia will not only promote the development of bilateral trade between China and Russia, but will also be a new impetus for Russia's economic development. The biggest problem for Russia and the next few years is how to maintain economic stability and development. Since 2015, the Russian government has tried to shift the economic growth momentum from the energy "troika" (oil, gas, nuclear power) to the Internet economy, logistics and cross-border trade. This will bring new opportunities for the development of cross-border e-commerce in China and Russia. On June 19, Alibaba group chairman jack ma at the invitation of the Russian, to attend the 19th annual St. Petersburg international economic BBS, and with the economic development minister, minister of communications and mass media, and the federal postal CEO met such important officials, to discuss how Alibaba help Russia build, including logistics, payment, such as market, complete electrical business ecosystem. The cross-border e-commerce cooperation between China and Russia will promote the development of the Internet economy and related fields such as banking and logistics, which will have a positive impact on boosting domestic demand, expanding employment and stabilizing the economy.

China's own demand and policy support accelerate the development of cross-border e-commerce in China and Russia.

China's economy has entered a new normal, with economic growth slowing, structural adjustment and industrial upgrading entering a crucial stage. Cross-border e-commerce as a new business model and the economic form, with the characteristics of openness, globalization, low cost, high efficiency, to promote the adjustment of economic structure, change of the pattern of economic growth and promote international trade will play an important role. Under the background of the slowdown of China's traditional foreign trade, cross-border e-commerce has become a new hotspot in international trade and has become one of the new means to accelerate the transformation of China's foreign trade development. In the past three years, China's cross-border e-commerce business has risen sharply, and the number of cross-border e-commerce has grown dramatically and the scale of transactions has continued to expand. China's cross-border e-commerce imports rose to 6 in 2016. 5 trillion yuan, annual growth rate of about 30%.

The Chinese government strongly supports the development of cross-border e-commerce and a series of policies to promote greater development of cross-border e-commerce. In May 2015, the succession of China's state council issued "about developing e-commerce to speed up cultivating the opinion of the new economy" and the state council about accelerate the cultivation of new foreign trade competitive advantage several opinions, both on cross-border electricity development important deployment. On June 20, the state council issued a guideline on promoting the healthy and rapid development of cross-border e-commerce. "Opinions", the relevant

departments of the state council shall establish and improve the supporting measures and make long-term cross-border electrical contractor's overall development plan, regularly carry out summary evaluation, support and promote local regulators publish relevant measures. As an important market for cross-border e-commerce in China, Russia has become a hot spot for Chinese e-commerce to expand its overseas business. In the future, China and Russia will enter a new period of development.

4.2 Countermeasures and Suggestions for the development of cross-border e-commerce in China and Russia

1. Change ideas

First of all, e-commerce should set up new ideas, including: first, establish the concept of informatization and knowledge management. We will increase investment in information equipment, realize the automation of the collection, processing, storage, transmission and distribution of enterprise operation and management information, and realize the knowledge and information management; Second, establishing knowledge is the key factor of production. Fully understand knowledge is the intrinsic factors of production and economic growth, increasing receive benefit from the new economic growth theory model, which only can improve the return on investment, and high return can have positive feedback amplifying effect on knowledge accumulation; Fourth, change the narrow concept of traditional assets, confirm the intangible assets of the enterprise, and the status of the assets of the high-tech enterprises. In conclusion,

e-commerce should first bring about innovation and transformation of enterprise concept.

2. Reform and management methods

Enterprises should realize hard and soft management, and gradually transition to soft management. Hard management refers to the technical and economic management of institutions, organizations, plans and controls; Soft management refers to the promotion of employees' sense of honor through the construction of corporate culture, so as to achieve the purpose of self-management, self-control and self-motivation. And on the incentive mechanism, should be reduced for process control, and the performance evaluation as an important means of the assessment of employees, to employees at the same time with more flexibility and freedom of space, time strengthening the management of individual character and relax economy forced management, give full play to the staff's enthusiasm and creativity[25].

3. Strengthen hardware construction

Enterprise should be based on the government infrastructure construction, accelerate the pace of enterprise information construction, expansion of e-commerce business, at the same time, to comply with national and relevant departments to formulate relevant laws and regulations, technical standards and safety regulations.

4. Overcome the disadvantages of predictability and nip it in the bud

The first is the risk of business activity itself. The external risk can be avoided by the government through the enactment of relevant regulations, while the internal risks can only be prevented by the enterprises themselves. The extensive implementation of e-commerce makes the control of business activities become more intangible and

abstract. On the other hand, the risks of engaging in e-commerce are also increasing, and the e-business facilities of enterprises can be used simultaneously for other non-normal channels and are not easy to detect. Therefore, enterprises should constantly summarize experiences and establish risk prevention system to ensure the sound development of e-commerce.

5. Pay attention to the cultivation of talents

Enterprises should shift from capital determinism to talent determinism, the enterprise competitive positioning for the talent competition, and take feasible measures to guarantee reasonable use of talent resources of the enterprise, and define the reasonable utilization will bring more benefits for the enterprise.

China-Russian cross-border e-commerce development is a complicated system engineering, need from the society, economy, culture, customs, and other aspects of the international rules, require support qualified inter-disciplinary talent. First, through the flexible talent attraction mechanism, attract the international talents who are fluent in Russian and familiar with the Russian economic and cultural background to join the Chinese and Russian cross-border e-commerce team. Second, the China-Russia cross-border e-commerce enterprises should strengthen the training of personnel in key links, especially the logistics, customs clearance, payment and settlement, etc. Thirdly, it forms the talent cultivation mode combining "production and research". We will strengthen the systematic cultivation of cross-border electric traders in Russia through the combination of professional setting, job creation and government policy support.

4.3 My suggestions of specific method for the development of cross-border e-commerce in China and Russia

1. Russia sells local brands through Chinese platforms

In early December 2015, Russian President Vladimir Putin called for the Internet to sell Russian goods around the world in his annual state of the union address. He stressed that Russia has the ability to become the world's largest supplier of green and healthy food.

For Russia, which is still in its infancy in e-commerce, working with Chinese companies will help Russia push its goods to market in China and the world more quickly.

At the end of 2015, about 100 domestic apparel brands were sold at a speed sale. The goods will be labeled "made in Russia" and priced in the rouble. High quality soil and alpine climate in areas such as the far east and Siberia, labeled as "original ecology", "no addition" and "high nutrition" for Russian food. Because of the devaluation of the ruble, the price of Russian goods has been highlighted, which is a great opportunity for Russia to sell its goods to the world. In addition to organic food, Russian featured products and mobile phones will be competitive.

2. Transform cross-border e-commerce business model and improve the competitiveness of Chinese enterprises to Russia

In the face of fierce market competition, Chinese cross-border e-commerce enterprises should change their single operation mode to improve their competitiveness

with European and American and local e-commerce companies. First, accelerate the implementation of the localization strategy of cross-border e-commerce in China. Including the employment of local staff, cooperation with local logistics and transport enterprises, such as language, culture, customs, etc., to make the enterprise operation mode more suitable for the Russian situation. Second, strengthen cooperation with Russian e-commerce enterprises and optimize marketing mechanism. The Russian local search engine another dual accounted for about 53% of the market, Google's 36%, far higher than a social network VK has more than 120 million registered users, Chinese enterprises should strengthen the cooperation with the Russian local companies, make full use of the Russian e-commerce market development characteristics, develop search engine marketing and social marketing, and other operation programs, to participate in the Russian market competition better. Third, we should create cross-border e-commerce brand to shake off the competitive situation of low price homogeneity. To accurately locate the demand of Russian consumers, pay attention to the quality of goods and the consumption experience, build the consumers' satisfaction with the electric goods brand, and enhance the core competitiveness of the enterprise.

3. Improve user experience and improve service quality

As the e-commerce market expands further, the competition between the platforms becomes more and more intense, and the enterprises should improve the user's viscosity and customer loyalty. Using a well-translated interface, the product is introduced to Russian consumers, and the service personnel who are fluent in Russian are recruited as customer service customers, avoiding the language barrier and causing the information asymmetry[26]. Providing services that are close to Russian culture can encourage

buyers to write reviews, send photos, reward rebates or red envelopes. At the same time, it conforms to the trend of personalized, diversified and quality-oriented consumption, and focuses on the platform construction of PC terminals, especially mobile platforms, and how to translate and quickly integrate large quantities of commodity information.

4. Enrich product categories to ensure product quality

Ensure the richness of products and further develop new products. Existing products should conform to the characteristics of local consumers, such as clothing design to meet the characteristics of Russian population. At present, the low-cost strategy also means that the quality of goods and customer service needs to be improved, and the high-end customers can be lost. Enterprises should win innovation by innovation, and increase the added value of products to avoid low price and vicious competition.

Promote the guarantee of genuine products, and build an advantage brand.

5. Improve the online payment system

Provide multiple payment options to users, especially local payments and credit CARDS that can significantly increase the number of customers. Strengthen the cooperation and local payment operators, such as pay with the local operators QIWI or another dual. Pay direct cooperation, also can rely on local payment system compatible with Russia to pay service providers (PSP), provides consumers with electronic currency options.

6. Increase policy support and standardize the order of cross-border e-commerce trade between China and Russia

Strengthening cross-border e-commerce policy support is an important basis for promoting the development of cross-border e-commerce trade between the two

countries. First, to establish and perfect the laws and regulations of the trade cooperation between China and Russia, especially for cross-border e-commerce developing may encounter new problems, such as information security, intellectual property rights, taxation, etc., from set out actually, the two countries to integrate with the international trade rules and standards, formulate laws and regulations, to eliminate or reduce the negative impact of the trade protection policy for the long-term development of cross-border e-commerce trade between the two countries lay a good foundation. Second, in the light of the concrete link in the development of China-Russian cross-border electricity problems, such as payment and settlement, customs clearance, logistics, etc., the two countries tax, customs and other relevant departments should strengthen the communication and cooperation, revise and supplement relevant laws, to promote cross-border e-commerce run efficiently[27].

National policy support for the development of cross-border electricity provides the necessary of endogenous power, such as on June 20, 2015 China issued by the general office of the state council "about promoting cross-border e-commerce healthy and rapid development of guidance, support domestic enterprises using e-commerce in foreign trade. Russia and China will have more economic cooperation as an important partner in China's "One Belt And One Road" strategy. Enterprises should seize the advantages of "Internet +" and "One Belt And One Road" to vigorously develop cross-border e-commerce business.

7. Strengthen cooperation to build a large channel for cross-border e-commerce logistics in Russia

First, encourage e-commerce enterprises to strengthen cooperation with Russia post and express companies. According to statistics, the Russian domestic DPD, postal service EMS DHL and Russia took about 50% of the volume, prices are relatively cheap, small package and many branches, covering the characteristics of the whole, very suitable for the current China-Russian cross-border electricity characteristics of small and medium-sized enterprises more. Second, strengthen the cooperation of local government in the China-Russian border provinces border warehouse, overseas warehouse and cross-border electronic business logistics park, encourage the border region using its location advantage, build a road thoroughfare of the Russian cross-border electricity suppliers. Third, establish a unified integrated service platform for cross-border e-commerce logistics in Russia, integrate the cross-border logistics information of Russia, and provide logistics services such as transnational transportation and warehousing[28].

Failing to declare correctly in the package (the declared category is not limited to a restricted list) may result in a fine or late delivery. Companies need to be familiar with Russia's import rules. Offer a variety of delivery options, such as free shipping, quick delivery, and delivery of goods or home delivery. Some consumers are willing to spend more on transportation costs to ensure more timely delivery of the products. Reduce the cost of circulation and select the reasonable mode of transportation. As transport costs fall, the range of operations will be extended to cheaper product categories and even hit small cities and remote areas. The development of e-commerce in the second and third-tier cities is very large, and the radiation from the central city to the surrounding area will be the development direction of the Russian B2C market in the future.

CONCLUSION

Cross-border e-commerce enables transactions between businesses to reduce many transactional workflow and management costs, reducing the operating costs of enterprises. The convenience and extensibility of the Internet have enabled enterprises to expand their scope of activities, and it is more convenient and cheaper for enterprises to develop across borders and borders. Cross-border e-commerce for the global market, both parties involved in many countries, the national logistics level is uneven, the difference is bigger, plus trading goods variety, demand for logistics is different for different countries, different articles, etc., suitable for many kinds of logistics mode, is employed to implement cross-border logistics.

Alibaba as a leader in Chinese e-commerce, has learned from its experience through the development of Alibaba in Russia. Make it easier for other Chinese e-commerce players to enter the Russian market.

With the increasing utilization rate of electronic payment, the improvement of logistics and the decrease of transportation cost, it can promote the development of Russian e-commerce. Chinese merchants and commodities are relatively large in Russia, which is conducive to the active participation of Chinese enterprises. However, there are many obstacles in the development of cross-border e-commerce market in Russia. China's cross-border e-commerce companies should constantly adjust and give full play to their advantages and seek breakthroughs in many aspects. Under the background of co-construction and the era of the silk road economic belt, the government should vigorously develop the two countries, Russia and cross-border

e-commerce, mutual improvement and optimization of cross-border e-commerce in customs clearance service, payment, logistics, market supervision system, ways of foreign exchange settlement services ability, make relevant cross-border electricity industry, to promote economic relations between the two countries continued to deepen.

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