Chapter 1

Ecommerce and Cross-border Ecommerce
电商和跨境电商

Objectives

1. Master the definition of ecommerce and cross-border ecommerce

2. Understand the ecosystem of cross-border ecommerce

3. Understand the developmental phases and trends of ecommerce

4. Understand the advantages and challenges of cross-border ecommerce

Open Case: Watch the movie and answer the questions

Movie: Amazon Empire: The Rise and Reign of Jeff Bezos (1:53:16)

Questions:

1. How did Amazon establish its business empire?

2. What are the issues that Amazon is facing?

视频资源链接

Cross-border ecommerce (CBEC) starts from ecommerce. The "e" in ecommerce has been an overwhelming success around the world. Ecommerce is **ubiquitous** and we are doing ecommerce anywhere and anytime. It is also one of the most rapidly changing industries and it quickly adopts the latest technologies and becomes one of the trendsetters for other industries as well. When commerce is electronically empowered, it becomes a very influential commerce which is taking place around every corner of the world especially in developed places like the United States, EU, as well as in South and East Asian countries like India, Indonesia, China, Japan, Korea, etc. There are about 2.56 billion people in 2022 around the world involved in ecommerce daily or even hourly, whether in their work or in personal life. In 2022, worldwide ecommerce sales exceeded $5 trillion for the first time, accounting for more than a fifth of overall retail sales. The total spending of ecommerce will surge past $7 trillion by 2025.[①]

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①   eMarketer,《2022 年全球电商市场预测报告》。

1. 1　Definition of Ecommerce 电商的定义

Ecommerce, to put it simply, is commerce conducted electronically via the Internet by companies or individuals. It is also known as electronic commerce or Internet commerce, refers to the buying and selling of goods or services using the Internet, and the transfer of money and data to execute these transactions. Ecommerce is often used to refer to the sale of physical products online, but it can also describe any kind of commercial transaction that is facilitated through the Internet.

Ecommerce operates in different types of market segments and can be conducted over computers, tablets, smartphones, and other smart devices. Nearly every imaginable product and service is available through ecommerce transactions, including books, music, plane tickets, and financial services such as stock investing and online banking. As such, it is considered a very **disruptive technology**.

Web sites (or websites) such as aliexpress.com, amazon.com and ebay.com are internationally known ecommerce platforms. While in China, tmall. com, taobao.com, jd.com are popular platforms and growing exponentially during the period of 2015–2019, especially during the pandemic 2020, when the world stopped manufacturing and China performed prosperously in producing and manufacturing.

Almost anything can be purchased through ecommerce today. For this reason, ecommerce is highly competitive and enjoys a bright future. Some experts contended that it was likely to be a substitute for **brick-and-mortar stores**, though some businesses choose to maintain both. It involves more than one party along with the exchange of data or currency to process a transaction. Ecommerce is often mentioned in broad and narrow senses. In practice, ecommerce bears a narrow sense, a broad sense and a pan-commerce sense, where it covers different scopes of businesses.

1. 1. 1　Narrow Sense of Ecommerce 狭义的电商

The narrow sense of ecommerce, just as we mentioned above, is the commodity trading activities, known as electronic transactions or online transactions through an ecommerce platform, especially **a third-party platform**, which offers services like electronic information release, online ordering etc. Amazon, Alibaba, AliExpress, Taobao, Tmall, Pinduoduo, Jd, TikTok, Douyin, Xiaohongshu etc. are typical representatives of ecommerce, see Figure 1-1.

A lot of participants make an ecosystem of ecommerce. In the ecosystem of ecommerce, all parties are working in a coordinative way following a fixed procedure shown in Figure 1-2. In importing ecommerce, foreign products are sold on some platforms like Amazon, JDWorldwide, Tmall Global, etc. With the help of the third-party comprehensive service platforms, payment platforms, logistics service providers, after the clearance of customs, foreign goods would reach customers.

While in the process of exporting, domestic producers export their products through ecommerce enterprises or export by themselves on cross-border ecommerce platforms like amazon.com, aliexpress.com, dhgate.com, ebay.com, shopee.com, lazada.com etc. With the help of payment enterprise and logistics services, after agreement of customs, the goods would finally reach foreign customers (see the right column in Figure 1-2).
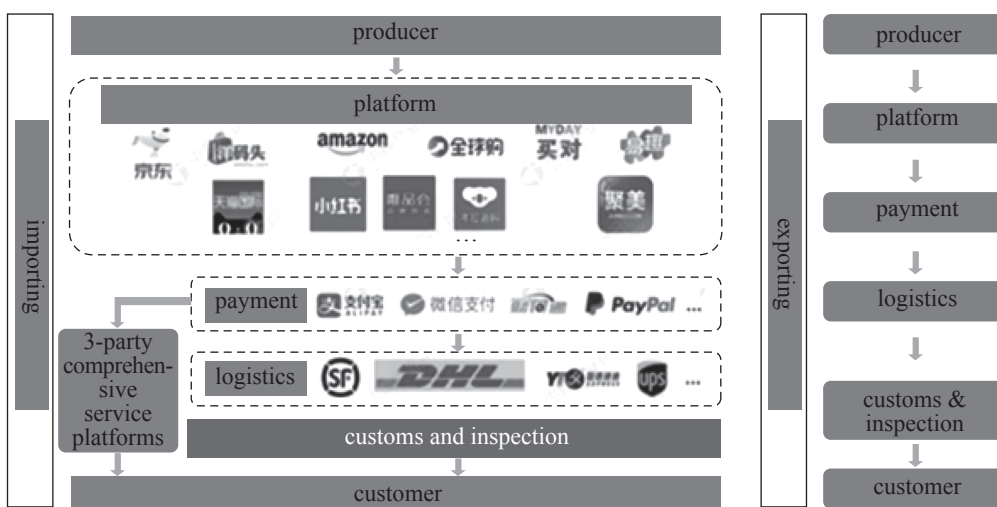

Figure 1-1   Ecommerce platforms

Figure 1-2   Participants and flow chart of importing and exporting in CBEC

1. 1. 2   Broad Sense of Ecommerce 广义的电商

In a broad sense, services and goods can be done through the Internet, from planning to social media communication, including email correspondence, social media advertisement, **search engine optimization (SEO)**, search engine management, etc. They are critical parts of ecommerce. Search engine companies like Baidu and Google, new tech companies like Apple and Xiaomi, social media companies like Facebook, Twitter, Pinterest, Instagram, Snapchat, YouTube, Tiktok, WeChat, Xiaohongshu, and many **on-demand service** companies (which form an on-demand service economy) like Uber, Didi, Airbnb, Meituan, Deliveroo, covering services from transportation to hotels, real estate, house cleaning, maintenance, grocery shopping. etc. Today, mobile, social and local media are the driving forces in ecommerce. In this sense, ecommerce can be defined as digitally enabled commercial transactions between and among organizations and individuals not only through platforms but also through apps. It is also known as digital commerce.

Apps have grown into a disruptive force ever since Apple company launched its App Store in 2008 and they have become a dominant force in ecommerce ecosystem. Apps have disrupted a long and prosperous list of industries covering every aspect of our life: communications, media, entertainment, logistics, education, healthcare, transportation (like taxi services) and hotel industries. Today, with the widespread of mobile devices like smartphones and tablets, **the app economy** is showing robust growth and consumers have gradually gravitated toward apps in China and other developed areas like North America, East Asia and European countries. Some analysts believe that in the future apps would replace web browser as the most common way to access service and content and do ecommercing, because apps are so much more convenient than the web browser in many aspects that in the most internet developed areas like China and United States, the size of the mobile app audience has exceeded that of web browser.

1. 1. 3   Pan-ecommerce 泛电商

More broadly, any business activities done through the form of electronics, digital data, and Internet could be ecommerce or **pan-ecommerce**. Most of the traditional businesses can be presently conducted on the Internet in an electronic way, such as electronic trading of goods, online data transportation, electronic fund transfer, electronic documents transfer, the establishment of enterprise management information system (MIS), electronic market investigation and analysis, planning, deployment of resources, etc.

Ecommerce is ubiquitous in our life and **ubiquity** is one of the characters of ecommerce. There are a handful of wording variations commonly seen for ecommerce on websites, news media (newspapers, journals, or industrial reports alike) or **feeds**, like e-commerce, E-commerce, Ecommerce, e-business, e-retailing, etc. They are often used interchangeably and share almost the same meaning. We use ecommerce in this book.

1. 2   Cross-border Ecommerce 跨境电商

When ecommerce is done crossing over the border of a country, it is called cross-border ecommerce. Cross-border ecommerce refers to an international business activity in which participants of different customs areas conduct business transactions, make payment and settlement through ecommerce platforms, and deliver goods and complete transactions through cross-border logistics. As a new form of international trade with the help of modern information and telecommunication technology, cross-border ecommerce is much more complex than domestic ecommerce. There are more participants involved in cross-border ecommerce and the logistics &supply chain are systematically more complicated than domestic ecommerce.

1. 2. 1   Participants in Cross-border Ecommerce 跨境电商参与主体

More participants are involved in the smooth conduct of cross-border ecommerce than in domestic ecommerce. In a general sense, the upstream of the cross-border ecommerce industry chain is suppliers (**vendors** in Amazon), which could be either producers (manufacturers) or brands. The midstream is usually a cross-border ecommerce platform (**online retailers** or **e-retailers** in many research paper), which could be B2B or B2C mode or any other modes. Downstream of the supply chain are end consumers. Connected with each stream, there are numerous supportive service providers, mainly including logistics, payment, customs & inspection, financing, marketing, etc. forming an ecosystem, see figure 1-3.

1. 2. 2   Ecosystem of Cross-border Ecommerce 跨境电商生态系统

According to the theory of ecosystem, different species work together to support the smooth conduct of cross-border ecommerce, as shown in Figure 1-3. The core species is cross-border ecommerce platform, which offers a market space for both sellers (suppliers

and producers) and buyers (customers). Both the suppliers and buyers make up critical components and they form an internal setting for ecommerce ecosystem. Supportive components embody business of payment, logistics, customs clearance, information and technology support, etc. International marketing and advertisement, promotion, translation task belong to peripheral segment. External setting means the political, economic, social, technological, environmental, legal (PESTEL) part of the macro-level setting which offers cross-border ecommerce a macro environment. Some researchers also study the macro setting from the perspective of **institutional distance** and **cultural distance**. The content of this book is arranged on the basis of this ecosystem.
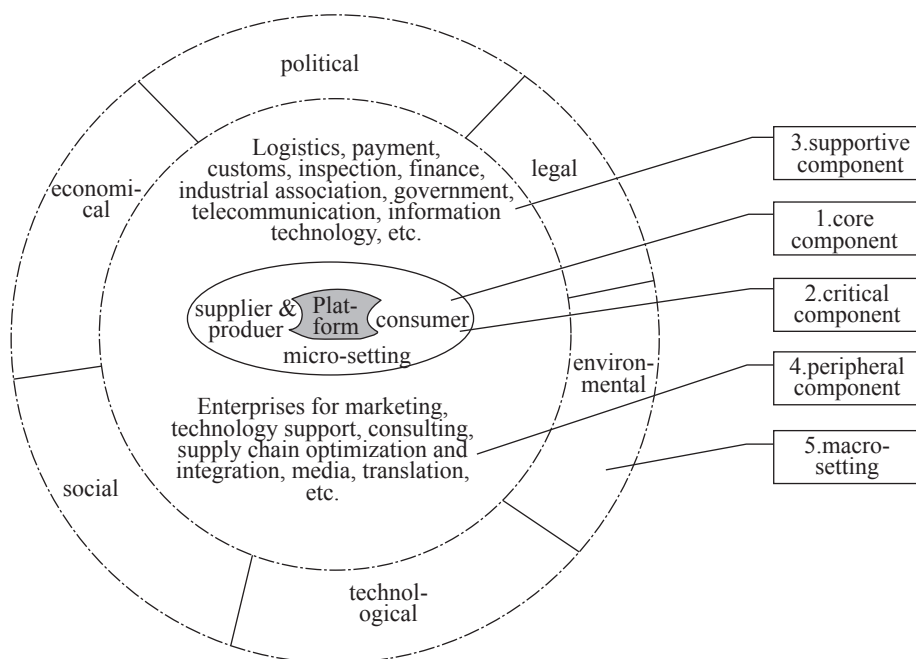

Figure 1-3   Ecosystem of cross-border ecommerce

1. 3   Difference with Traditional Commerce 与传统商务的区别

As to the differences between cross-border ecommerce and traditional commerce, it is easy to find that traditional commerce is often conducted more locally while cross-border ecommerce is done in a wider, national or even international level. Ecommerce has helped businesses (especially those with a narrow reach like small businesses) gain access to and establish a wider **market presence** by providing cheaper and more efficient distribution channels for their products or services.

Cross-border ecommerce has changed the way people shop and consume products and services. An increasing number of people are turning to their computers and smart devices to order goods, which can easily be delivered to their doorsteps. As such, it has disrupted the retail landscape. Amazon, Alibaba, and Jingdong (jd.com) have gained considerable market share among Internet users, forcing traditional retailers to make changes to the way they do business.

But that's not all. Individual sellers have increasingly engaged in ecommerce transactions via their own personal websites. And digital **marketplaces** such as Xianyu, eBay or Etsy serve as intermediaries where multitudes of buyers and sellers come together to conduct business like **a market fair**.

1.4   Trends of Cross-border Ecommerce 跨境电商的趋势

The 2020 pandemic brought a surprisingly great opportunity to the development of ecommerce, especially cross-border ecommerce. For cross-border ecommerce, trends may go like the following:

1. **Social, mobile and local ecommerce** are going to experience a global growth especially in new markets like Middle East, South East Asia and Africa, etc. Most social ecommerce business would be done locally by mobile apps. Social ecommerce, based on social networks and supported by advertising, emerges and continues to grow, generating billions of dollars worldwide.

2. The mobile app ecosystem continues to grow, with almost 2.8 billion people worldwide using mobile apps in 2020. Mobile marketing and advertising continues growing at astronomical rates.

3. **Data safety** and privacy are highly considered to be part of national security and individual rights. Data generated in cross-border ecommerce may be a huge fortune where a lot of valuable information is explored. Consumers in EU and North America think highly of individual privacy and may not trust platforms once personal profile is leaked.

4. **ESG** (Environment, Social Responsibility, Corporate Governance) issues are gaining more concern as fast fashion industry is producing more clothes and polluting the environment. Enterprises should shoulder more responsibilities to contribute more to a green and low-carbon economy. Labor protection and local market protection are attracting more concern as people begin to take employment into consideration.

1.5 Development of Ecommerce 电商的发展

It is difficult to pinpoint when ecommerce exactly began. The first known use of ecommerce is in 1993, according to Merriam-Webster dictionary. But the history of ecommerce usually begins with the first ever online sale on August 11, 1994 when a man sold a CD by the band Sting to his friend through his website NetMarket, an American retail platform. This is the first example of a consumer purchasing a product from a business through the World Wide Web—or "ecommerce" as we commonly know it today. The biggest cross-border ecommerce platform Amazon started its business in 1994. Since then, ecommerce has evolved to make products easier to discover and purchase through online retailers and marketplaces. Independent freelancers, small businesses, and large corporations have all benefited from ecommerce, which enables them to sell their goods and services at a scale that was not possible with traditional offline retail.

Ecommerce industry has gone through so many changes since then, resulting in a great deal of evolution. Traditional brick-and-mortar retailers were forced to embrace new technology in order to stay afloat as companies like Alibaba, Amazon, eBay, Etsy, and Jingdong became household names. These companies created a virtual marketplace for goods and services that consumers can easily access. New technology continues to make it easier for people to do their online shopping. People can connect with businesses through smart phones and other devices and by downloading apps to make purchases. The introduction of free shipping, which reduces costs for consumers, has also helped increase the popularity of the ecommerce industry.

Ecommerce is inextricably linked to Internet. From this sense, it is often accepted that ecommerce began in 1995 from America, prospers in China which produces and sells China-made products to the world. It came with the first **banner advertisements** placed by AT&T, Volvo, Sprint, and others on Hotwired in late October 1994, and the first sales of banner ad space by Netscape and Infoseek in early 1995.

In spite of its short history, ecommerce can be divided into three periods: 1995–2000, the period of invention; 2001–2006, the period of consolidation; and 2007–present, a period of reinvention with social, mobile, and local expansion, see Figure 1-4.
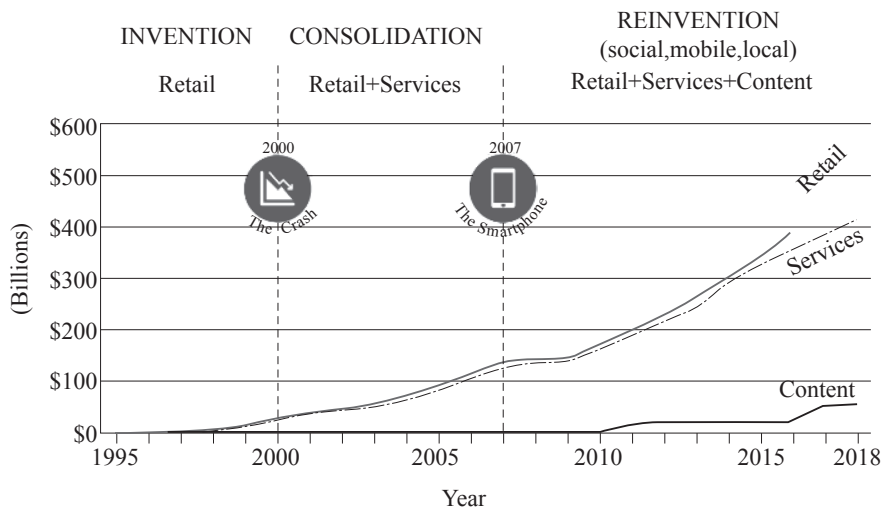
Figure 1-4　Stages of ecommerce development (Laudon &Traver, 2022: 64)

Ecommerce 1995–2000: invention

The first few years of ecommerce were a period of explosive growth and extraordinary innovation. Amazon was the one founded in 1994 at Seattle. During this period, ecommerce is mostly about goods retailing, usually goods of small-in-size and simple function, on the Internet. There simply was not enough bandwidth for more complex products. Marketing was limited to unsophisticated static display ads and not very powerful search engines. The web policy of most large firms, if they had one at all, was to have a basic static website depicting their brands. **Venture capital** played a vital role in supporting the rapid growth of ecommerce which was fueled by over $125 billion. This period of ecommerce came to an end in 2000 when stock market valuations plunged, with thousands of companies disappearing (the "dot-com crash" in the west).

The early development of ecommerce was driven largely by visions of profiting from new technology, with the emphasis on quickly achieving high **market visibility**. The source of **financing** was venture capital funds. The ideology of the period emphasized the ungoverned "Wild West" character of the Web and the feeling that governments and courts could not limit or regulate the Internet. People believed that traditional corporations were too slow and bureaucratic, too stuck in the old ways of doing business. Young entrepreneurs were the driving force behind ecommerce, backed by huge amounts of money invested by venture capitalists. The emphasis was on disrupting (destroying) traditional distribution channels and disintermediating existing channels, using new pure

online companies who aimed to achieve impregnable **first-mover advantages**. Overall, this period of ecommerce was characterized by experimentation, capitalization, and hyper-competition.

Ecommerce 2001–2006: consolidation

In the second period of ecommerce, from 2001 to 2006, a sobering period of reassessment of ecommerce occurred, with many critics doubting its long-term prospects. Emphasis shifted to a more "business-driven" approach rather than being technology driven; large traditional firms learned how to use the Web to strengthen their market positions; brand extension and strengthening became more important than creating new brands; financing shrunk as capital markets shunned startup firms; and traditional bank financing based on profitability returned.

During this period of consolidation, ecommerce changed to include not just retail products but also more complex services such as travel and financial services. This period was enabled by widespread adoption of broadband networks in homes and workplaces, coupled with the growing power and lower prices of personal computers that were the primary means of accessing the Internet, usually from work or home.

Marketing on the Internet increasingly meant using search engine advertising targeted to user **queries**, **rich media** and video ads, and behavioral targeting of marketing messages based on ad networks and auction markets. The web policy of both large and small firms expanded to include a broader "web presence" that included not only websites, but also e-mail, display, and search engine campaigns; multiple websites for each product; and the building of some limited community feedback facilities. Ecommerce in this period was growing again by more than 10% a year.

Ecommerce 2007–present: reinvention

Beginning in 2007 with the introduction of iPhone, to the present day, ecommerce has been transformed yet again by the rapid growth of **Web 2.0**[①] and achieved quite a success around the world especially in China and developed countries, see Figure 1-5. China and the United States are the two biggest ecommerce economies in 2021.

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① It means a set of applications and technologies that enable user-generated content, such as that posted on online social networks, blogs, wikis, and video- and photo-sharing websites and apps; widespread adoption of mobile devices such as smart phones and tablet computers; the expansion of ecommerce to include local goods and services; and the emergence of an on-demand service economy enabled by millions of apps on mobile devices and cloud computing.

Ecommerce Sales by Country (2021)

China — $2,779.31 billion
US — $843.15 billion
UK — $169.02 billion
Japan — $144.08 billion
South Korea — $120.56 billion
Germany — $101.51 billion
France — $80.00 billion
India — $67.53 billion
Canada — $44.12 billion
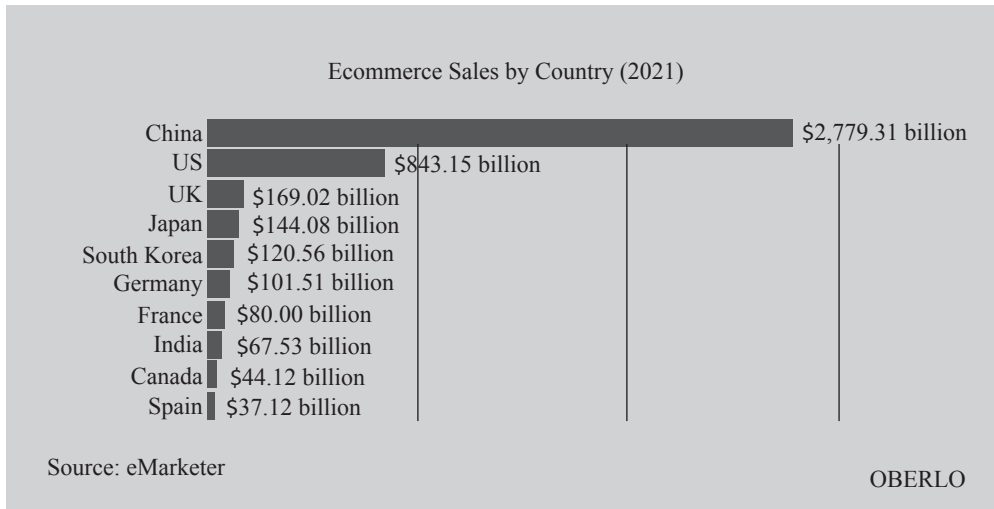Spain — $37.12 billion

Source: eMarketer

OBERLO

Figure 1-5   Ecommerce sales by country in 2021

This period can be seen as both a sociological, as well as a technological and business phenomenon. The defining characteristics of this period are often referred to as the "social, mobile, local" online world. Entertainment content has developed as a major source of ecommerce revenues and mobile devices have become entertainment centers, as well as **on-the-go shopping devices** for retail goods and services. Marketing has been transformed by the increasing use of social networks and much more powerful **data repositories and analytic tools** for truly personalized and targeted marketing. Firms have greatly expanded their online presence by moving beyond static web pages to social networks such as Facebook, Twitter, Pinterest, and Instagram in an attempt to surround the online consumer with coordinated marketing messages.

These social networks share many common characteristics. First, they rely on **user-generated content (UGC)**. "Regular" people (not just experts or professionals) are creating, sharing, and broadcasting content to huge audiences. They are inherently highly interactive, creating new opportunities for people to socially connect to others. They attract extremely large audiences (about 2.7 billion **monthly active users** worldwide as of June 2020 in the case of Facebook). These audiences present marketers with extraordinary opportunities for targeted marketing and advertising.

1.6　Advantages of Cross-border Ecommerce 跨境电商的优势

For anything newly emerged, there are always both good and bad aspects . On the one hand, ecommerce meets the needs of a new era; On the other hand it undoubtedly would bring impacts to old industries and even bring new social or ethical problems at the same time.

For the good, ecommerce offers consumers the following advantages:

Convenience: Ecommerce can occur 24 hours a day, 7 days a week. Although ecommerce may take a lot of work, as a seller, it is still possible to generate sales as you sleep or earn revenue while you are away from your store.

More selections: Many stores offer a wider array of products online than they carry in their brick-and-mortar counterparts. And many stores that exist purely online may offer consumers exclusive inventory that is unavailable elsewhere.

Low start-up cost: Ecommerce companies may require a warehouse or manufacturing site, but they usually don't need **a physical storefront**. The cost to operate digitally is often less expensive than running a physical store, which needs to pay rent, insurance, building maintenance, and property taxes.

International sales:As long as an ecommerce store can ship to the customer by international logistics or **overseas warehouses** or **FBA** (**Fulfillment by Amazon**), an ecommerce company can sell to anyone in the world and isn't limited by physical geography.

Easier to retarget customers: as customers browse a digital storefront, it is easier to entice their attention towards placed advertisements, directed marketing campaigns, or **pop-ups** specifically aimed at a purpose.

1.7　Challenges of Cross-border Ecommerce 跨境电商的挑战

But there are certain drawbacks that come with cross-border ecommerce, too.

Limited customer service: If you shop online for a computer, you cannot simply ask an employee to demonstrate a particular model's features in person. Even though some websites let you chat online with a staff member.

Lack of **instant gratification**: When you buy an item online, you must wait a certain period for it to be delivered to your home or office. For international transaction, a few

months waiting time is torturing the buyer's patience. However, ecommerce platforms and sellers and logistics companies are endeavoring to offer better logistic services and after-sale services. Some big companies or e-tailers like Amazon is making the waiting game a little bit less painful by offering **the same-day delivery** as a premium option for selected products.
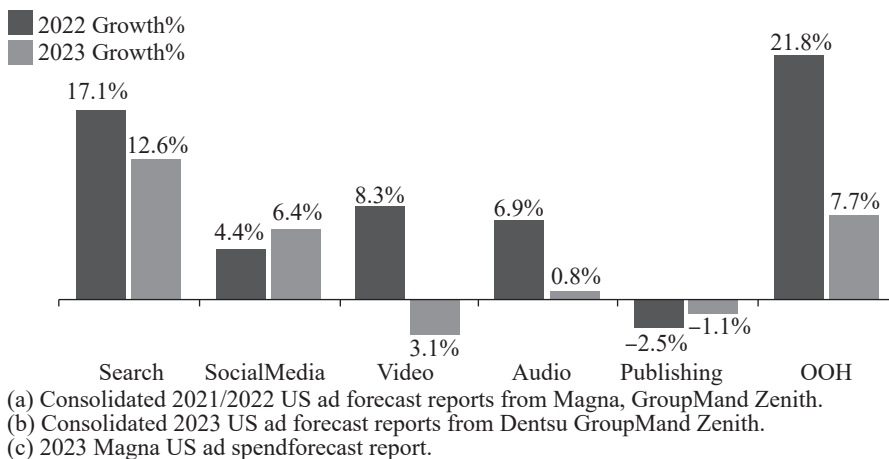
Inability to touch products: Online images do not necessarily convey the whole story about an item, and so ecommerce purchases can be unsatisfying when the products received do not match consumer's expectations. Quite often an item of clothing may be made from shoddier fabric than its online image indicates, which is quite frustrating to buyers. And **return logistics** is a big challenge in cross-border ecommerce for international logistics is expensive and time-consuming.

Fierce competition and strict rules: Although the low barrier to entry regarding low cost is an advantage, ecommerce may involve fierce competition as more competitors can join the market easily. Ecommerce companies must have mindful marketing strategies and remain diligent on **SEO** and public relations to ensure they maintain a digital presence. With the increase of marketing cost, companies face more fierce competition. In cross-border ecommerce, government often set various rules and reinforce strict supervision for international business.

Moral and social problems: with the emergence of ecommerce, local buyers would buy goods from stores online, which would impact the local physical store. When there are not enough customers coming to local stores, local stores would close and this would bring unemployment and other social problems. Government concerns the issue the most when unemployment rate is rising. When huge amount of foreign products flow into a country, there is no opportunity for certain local industries to develop. What's more, big data emerging from ecommerce often give rise to the problem of personal privacy protection and information safety, especially in some developed countries.

High **traffic cost**: Marketing is becoming so difficult and traffic cost is increasingly high. For either Google search engine marketing or Facebook social media advertising, the expense is going up and fierce competition makes the cost on advertising a major part and the most difficult part for product selling, see figure 1-6.

AD SPENDING YOY GROWTH BY MEDIUM [b][c]

■ 2022 Growth%
■ 2023 Growth%

(a) Consolidated 2021/2022 US ad forecast reports from Magna, GroupMand Zenith.
(b) Consolidated 2023 US ad forecast reports from Dentsu GroupMand Zenith.
(c) 2023 Magna US ad spendforecast report.

MEDIA MON THLY | January 2023   ❀ SOLOMON │ 6

Figure 1-6   Ad spending year-on-year growth by medium in USA[①]
Note: search: search engine or queryin platforms; YoY: year-on-year; **ooh: out-of-home media**

Layoff pressure: Big cross-border ecommerce like Amazon (laid off 18,000 workers) and big search engine company like Google made a layoff plan during the end of 2022 to reduce the pressure of global downturn economy and high inflation. It is a time of readjustment for cross-border ecommerce, see Figure 1-7. Chinese big tech companies also did their layoffs during the last half year of 2022.

Figure 1-7   Big tech layoffs

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① https://www. tmtpost. com/6401244. html, 7-2-2023.

1. 8   Ecommerce, Ebusiness and Digital Commerce
电子商务、电商（企业）和数字商务

While the three nouns could mean the same thing and be used interchangeably, they are also used in different scenarios. Ecommerce conventionally involves the online purchase and sale of goods and services via the Internet. Ebusiness involves more about the entire process of running a company via the Internet and Intranet. Ecommerce could be one part of running an ebusiness. For example, big ecommerce companies like Amazon, Alibaba and eBay set the way the retail industry works and forced many traditional retailers to shift their conventional business to ebusiness. Still, people sometimes equal ecommerce to ebusiness.

When ebusiness and ecommerce are done on the Internet and generate a flow of big data, it is digitally conducted and thus called digital trade or digital ecommerce. The perspective of digital commerce is on the information elements. Still some people don't equal digital commerce with cross-border ecommerce since digital commerce cover a much broader scope including ecommerce from other businesses like game playing.

📖 Words and Phrases 词汇和短语

ubiquitous 无处不在的

disruptive technology 颠覆性技术

brick-and-mortar stores 实体店

a third-party platform 第三方平台

search engine optimization (SEO) 搜索引擎优化

on-demand service 应需服务；随选服务

the app economy 应用经济；app 经济

pan-ecommerce 泛电子商务

ubiquity 无所不在

feeds 信息流广告；推送

vendors（亚马逊）供应商；卖家；商家

online retailers 网络平台

e-retailers（零售）电商平台

institutional distance 制度距离

cultural distance 文化距离

market presence 市场占有率

marketplace 市场；完全竞争市场

a market fair 集市

social ecommerce 社交电商

mobile ecommerce (m-commerce) 移动电商

local ecommerce 本地电商

data safety 数据安全

ESG 环境、社会责任和公司治理

banner advertisements 横幅广告

venture capital 风险投资；风投

market visibility 市场可见度；市场占有率

financing 融资

first-mover advantages 先发优势

queries（网上）查询

rich media 富媒体

Web 2.0 第二代互联网

on-the-go shopping devices 随时购物设备

data repositories and analytic tools 数据存储和分析工具

user-generated content (UGC) 用户原创内容

monthly active users (MAU) 月活用户

a physical storefront 实体门店

overseas warehouses 海外仓

FBA (Fulfillment by Amazon) 亚马逊配送

pop-ups 弹窗

instant gratification 即时满足

the same-day delivery 当日达

return logistics 退货物流

traffic cost 引流成本

ooh (out of home ad) 户外广告

Exercise 练习

I. Reflections and Critical Thinking Questions.

1. How would you assess ecommerce including its success, surprises, and failures in a

comprehensive way?

2. Do you agree with the listed advantages and disadvantages of ecommerce in this chapter? Why or why not?

3. How do you think the future of cross-border ecommerce in the world?

4. What is the relationship of ecommerce and offline commerce?

II. True or False

1. Ecommerce involves both the selling and buying of both goods and services online. (　　)

2. Alibaba.com and amazon.com are third-party platforms. (　　)

3. On-demand service is a kind of ecommerce which offers service for foreign customers. (　　)

4. In a narrow sense, any business that is done through internet could be ecommerce. (　　)

5. In the ecosystem of cross-border ecommerce, the core element is the cross-border ecommerce platform. (　　)

6. Cross-border ecommerce is not only subjected to micro setting, but also subjected to macro setting such as cultural distance and social distance. (　　)

7. Mobile commerce is more popular than social ecommerce at present. (　　)

8. Ecommerce started from the United States and prospered in China. (　　)

9. At the beginning, it is with the help of venture capital that ecommerce got a chance to develop. (　　)

10. The cost of opening an online store is usually lower than physical stores and people around the world all support the development of ecommerce. (　　)

11. In ecommerce, it is easier for a company to conduct business and competition is thus less serious than traditional business. (　　)

12. There are more participants involved in cross-border ecommerce than traditional commerce. (　　)

III. Noun Explanation

1. Ecommerce &Cross-border ecommerce

2. Mobile ecommerce, social ecommerce, retail ecommerce

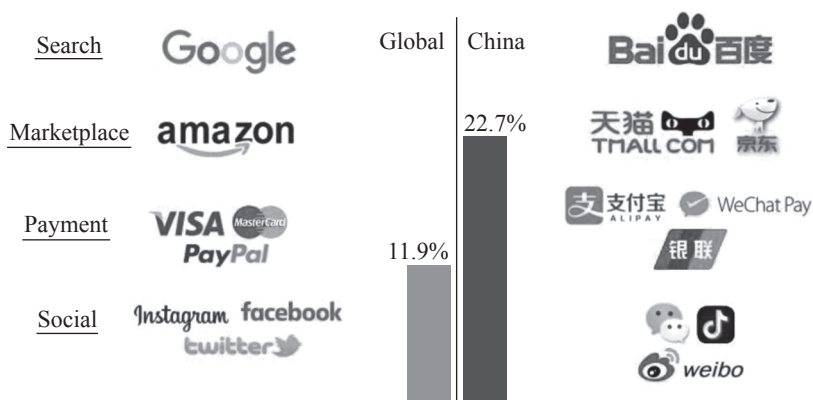**IV. Reading and Critical Thinking**

<div align="center">

The future of global ecommerce

Retailers everywhere should look to China[①]

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Yet as we explain this week (see Business section) it is in China, not the West, where the future of ecommerce is being staked out (被明确界定). Its market is far bigger and more creative, with tech firms blending ecommerce, social media and razzmatazz (令人眼花缭乱的活动) to become online-shopping emporia (大型商业中心) for 850m digital consumers. And China is also at the frontier of regulation, with the news on December 24th that trustbusters (反垄断机构) were investigating Alibaba, co-founded by Jack Ma, and until a few weeks ago it's the most valuable listed firm. For a century the world's consumer businesses have looked to America to spot new trends, from scannable barcodes (条形码) on Wrigley's gum in the 1970s to keeping up with the Kardashians'(卡戴珊姐妹们) consumption habits in the 2010s. Now they should be looking to the East.

China's lead in ecommerce is not entirely new. By size, its market overtook America's in 2013—with little physical store space, its consumers and retailers leapfrogged ahead to the digital world. When Alibaba was listed in 2014 it was the world's largest-ever initial public offering(首次公开募股, 上市).

Today the country's e-retailing market is worth $2trn, more than America's and Europe's combined. But beyond its sheer size it now stands out from the past, and from the industry in the West, in several crucial ways.

For a start it is more dynamic. In the past few years, new competitors, including Meituan and Pinduoduo, have come of age with effervescent (兴奋的) business models.

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① *The Economist* (02 Jan, 2021), https://zhuanlan. zhihu. com/p/345015869, 13-7-2022.

One sign of fierce competition is that Alibaba's share of the market capitalisation of the Chinese ecommerce industry has dropped from 81% when it listed to 55% today. Competition has also led ecommerce and other tech firms to demolish (拆除) the boundaries between different types of services that are still common in the West. Point and click are passé: online-shopping platforms in China now blend digital payments, group deals, social media, gaming, instant messaging, short-form videos and live-streaming celebrities.

The obvious, multi-trillion-dollar question is whether the Chinese model of ecommerce will go global. As has been the case for decades, Silicon Valley's giants still tend to underestimate China. There are few direct links between the American and Chinese ecommerce industries, partly owing to protectionism on both sides (Yahoo sold much of its stake in Alibaba, far too early, in 2012). And Western firms have long been organised in cosy, predictable silos (发射井 , 各自的领域). So Visa specialises in payments, Amazon in ecommerce, Facebook in social media, Google in search, and so on. The main source of uncertainty in ecommerce has been just how many big traditional retailers will go bust (破产) —over 30 folded in America in 2020—and whether a few might manage the shift online, as Walmart and Target have.

Yet however safe and siloed Western e-retailing may appear to be, it is now unlikely that it will become the world's dominant mode of shopping. Already, outside rich countries, the Chinese approach is gaining steam. Many leading ecommerce firms in South-East Asia (Grab and Sea), India (Jio), and Latin America (Mercado Libre) are influenced by the Chinese strategy of offering a "super-app" with a cornucopia (全面、综合) of services from noodle delivery to financial services. The giant consumer-goods firms that straddle the Western and Chinese markets may transmit Chinese ideas and business tactics, too. Multinationals such as Unilever, L'Oréal and Adidas make more revenue in Asia than in America and their bosses turn to there, not to California or Paris, to see the latest in digital marketing, branding and logistics.

Already, Chinese characteristics are emerging in the retail heartlands of the West, partly as a result of the pandemic. The silos are breaking down as firms diversify. Facebook is now promoting shopping services on its social networks, and engaging in "social commerce", including in live-streaming and the use of WhatsApp, for messaging between merchants and shoppers. In December Walmart hosted its first live shopping event within TikTok, a Chinese-owned video app in which it hopes to buy a stake (股份). In France in the past quarter the sixth-most-downloaded ecommerce app was Vova, linked to Pinduoduo's founder. And new entrants

may finally make progress in America—the share price of Shopify, a platform for Amazon exiles and small firms, has soared so that it is now valued at more than $140bn.

This shift to a more Chinese-style global industry promises to be excellent news for consumers. Prices would be lower, as China has seen fierce discounting by competing firms. Choice and innovation would probably grow. Even so, Chinese ecommerce has flaws. In a Wild West climate, fraud is more common. And there are those antitrust concerns. It may partly be that, but China's antitrust regulators are also keen to boost competition. That means enforcing interoperability (互用性), so that, for example, payments services on one ecommerce platform can be used seamlessly on a rival one. And it means preventing ecommerce firms from penalising merchants who sell goods in more than one place online. So far American and European trustbusters have been ineffectual at controlling big tech, despite a flurry of lawsuits and draft laws at the end of 2020. They, too, should study China, for a sense of where the industry is heading and how to respond.

There is a pattern to how the West thinks about Chinese innovation. From electronics to solar panels (太阳能板), Chinese manufacturing advances were either ignored or dismissed as copying, then downplayed and then grudgingly acknowledged around the world. Now it is the Chinese consumer's tastes and habits that are going global. Watch and learn.

Critical Thinking and Questions:

1. Why does Chinese ecommerce now stand out from the past, and from the industry in the West according to the author?

2. What are the differences between Chinse ecommerce and Western ecommerce according to the article?

3. What is a more Chinese-style global ecommerce?

4. Do you agree on the comments of Chinese innovations in the last paragraph? Please illustrate your reasons by your daily examples.

More Resource:

1. The Future of Ecommerce in 2021: 5 Trends[①]

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① https://www. bilibili. com/video/BV1xU4y177XY/, 7-03-2023.