Review of Cross Border E-commerce Product Selection

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Abstract

Based on the existing studies on cross border e-commerce selection, this paper discusses the research path of cross border e-commerce selection, and summarizes the main research ideas and future research direction.

Keywords

Cross border E-commerce, product selection, pop-up products.

1. Introduction

As an important branch of e-commerce, cross-border e-commerce has become an important means for Chinese enterprises to carry out international trade activities, and has become a driving force for the steady growth and structural adjustment of China's foreign trade. It is widely circulated in the industry that "7% depends on product selection and 3% is in operation", which shows the importance of product selection to the future trend, sales volume and profit and loss of cross-border e-commerce stores. Based on the academic community, this paper briefly reviews the related research on cross-border e-commerce selection, discusses and summarizes the research ideas and paths of product selection, and looks forward to the future research.

2. Analysis on the Concept and Mode of Cross Border E-commerce Selection

Cross border e-commerce selection, i.e. the selection of import and export products of cross-border e-commerce platform, refers to that registered sellers of cross-border e-commerce third-party platforms choose products that meet their own conditions and market demand before selling their products (Ruoqi Zou, 2018). Existing research shows that cross-border e-commerce selection models can be roughly divided into technology R & D, capital oriented, supply chain advantages and industry trends (see Table 1 for details).
Table 1. Definition of cross border e-commerce selection mode

<table>
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<tr>
<th>Selection mode</th>
<th>Definition of concept</th>
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<tr>
<td>Selection mode of technology R &amp; D</td>
<td>According to the platform data, sellers with factories or technical capabilities can find hot-selling products in their own industries for R &amp; D and improvement, optimize the &quot;selling points&quot; of products to make them sell well, and improve the &quot;pain points&quot; to upgrade the products and demand.</td>
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<tr>
<td>Capital oriented selection mode</td>
<td>After the peak season, through market research and based on the analysis of the existing market data, a large number of big sellers choose more than ten or even hundreds of products for trial operation. The key is to have enough capital to ensure the simultaneous operation of multiple categories of products in the early stage.</td>
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<tr>
<td>Supply chain superior product selection mode</td>
<td>Based on their own supply chain resources, the seller selects and optimizes products according to the market and the big data of the third-party platform. The key is to formulate the product test cycle according to the product category to test the heat and Prospect of the product, so as to decide whether the product will continue to be sold or eliminated.</td>
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<tr>
<td>Selection mode of industry trend</td>
<td>The seller carries on the product localization and the choice according to the industry characteristic and the interest hobby tendency. Small and medium-sized sellers choose this mode mostly.</td>
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Each of the four models has its own advantages and disadvantages.

Technology R & D products are more suitable for manufacturing enterprises with certain production and R & D capabilities. It's key points are R & D capability and market insight. Sellers can optimize the demand points and pain points of users in the target market and integrate them into the upgraded products to promote hot sales. In this mode, the mass production and sales of single product can be realized, and the scale of single product can greatly reduce the marginal cost of the product, thus reducing the price and achieving high cost performance. Hot selling pop-up products themselves are of great significance to the shaping and dissemination of brand image, and the significance of e-commerce is more prominent because of the network effect. Especially on those e-commerce platforms that value products but despise store concepts, good word-of-mouth makes sales more smooth. To a certain extent, pop-up products help customers make choices, solving customers' worries about choices, and meet buyers' cognitive closing needs. ——The sellers can win more orders by relying on high conversion rate, and then the stores accumulate more favorable comments by relying on excellent product quality and high cost performance ratio, forming a virtuous circle.

Under the capital oriented selection mode, multiple categories of products run at the same time in the early stage. Under the premise of massive SKUs of different categories, models and styles, the frequency of shops being searched or browsed by buyers is more advantageous, and the natural flow of account number is higher. Under the premise of the same conversion rate, compared with other selection modes, the sales volume will be higher, and the market will screen out hot sales or pop-up products with a greater probability.

Supply chain superior product selection mode can greatly reduce the pressure of inventory and capital, and compared with the capital oriented massive SKU, the difference lies in multi selection and shallow inventory. Due to the reduction of capital pressure, the seller can strive to keep the price, stabilize the mass production through calculation, analysis and simulation, then realize the forward-looking pricing after the marginal cost tends to be stable, so as to greatly
increase the competitiveness of the product at the initial stage of online, and reduce the situation of misjudgment of product prospects due to poor sales within early-stage high-pricing. Compared with the skyrocketing online plan of massive SKU mode, this mode is better controlled from the aspects of product development, procurement or production, quality control, etc., and can increase the promotion efforts after finding the hot sales trend, so as to realize the centralized and efficient utilization of resources.

Under the selection mode of industry trend, sellers often quickly find matching products based on their own interest and understanding of the industry to start cross-border online sales. Due to the personal preference and industry inertia of early selection, it is easy to ignore competitors and market demand, which leads to relatively blind selection and low-hit-rate.

3. Analysis of Product Selection and Influencing Factors

Different scholars have discussed the problems existing in cross-border e-commerce selection, which can be summarized as follows: (1) neglecting consumer culture; (2) following suit, serious homogenization competition, low product price and profit value; (3) too more SKUs, high inventory and too many dull goods, which lead to capital occupation; (4) too less SKUs are difficult to enter the market and develop slowly; (5) blind "brain beating" (6) the conditions of independent research and development are too high, and there are few sellers to meet the requirements. (Ruoqi Zou, 2018; Shuyan Zhu, 2018).

On the influencing factors of cross-border selection, Shuyan Zhu (2018) indicated that cultural background factors, platform technology factors, price profit factors, risk factors, quality brand factors and cross-border B2C factors were the main factors affecting cross-border e-commerce selection. Xingcong Yao (2019) takes dunhuang.com and La Redoute as examples to explain the important influence of products, user demand, market relations, national policies, enterprises, e-commerce logistics and payment means on the selection of products.

4. Selection Method and Strategy Analysis

Yanli Ma (2015) first started with the selection of cross-border e-commerce products and put forward the selection principles and methods. The principles of product selection mainly include platform oriented principle, intellectual property protection principle, data decision-making principle, price principle and channel principle. The product selection methods based on the principle of product selection include data analysis (external data obtained from Google Trends / keyword spy / Alexa website and internal data of platform stores), channel analysis method (source channel, logistics channel and sales channel) and market analysis method (product line selection, core product selection and popular product selection). Shuyan Zhu (2018) proposed more specific product selection strategies: grasping consumer psychology strategy; category segmentation strategy; website hot-search product information strategy; cross-border e-commerce platform research strategy; pop product selection strategy; information communication strategy; keyword strategy (market capacity and competition heat, profit space, sales volume, review, launch time and new product release list, color and ruler) . Based on resource integration and cost saving, the strategy of selecting products near the industrial belt is also proposed. Zhifang Hu (2018) proposed four kinds of product selection strategies and skills: the strategy of finding hot selling products by using the big data of cross-border e-commerce platform; the strategy of developing the blue ocean market around blockbusters by using the overall concept of products; the strategy of avoiding Product Infringement by using the rules of cross-border e-commerce; and the strategy of improving the profits of merchants by using the characteristics of product portfolio.
5. Research on the Selection of Mainstream Cross Border E-commerce Platforms

The application of product selection methods and strategies is fed back from the product selection practice research of cross-border e-commerce platforms. Yan Wang (2018) discussed three selection methods of using Amazon platform search engine keywords, analyzing Amazon platform product ranking list, and comparing different customer evaluations of similar products on Amazon platform, and stressed the importance and effectiveness of the product selection thinking of "popular goods + mainstream goods + profit commodities" product portfolio. Shuyan Zhu (2018) indicated that when selecting products from Amazon platform stores, they should be commodity oriented and brand oriented. Domestic mainstream cross-border e-commerce platform express is favored by small and medium-sized sellers of cross-border e-commerce due to its low threshold, low platform Commission and easy operation (Shuyan Zhu, 2018). Fengli Zhuo (2018) indicated that novice sellers of express platform should conduct a survey on the category of express platform before selecting products to ensure that the selected products meet the requirements of the platform operation, and on the basis of multi-party research, determine the intended business category of express platform, and finally achieve successful selection through online and offline. Enen Wu (2017) indicated that potential pop-up products can be selected from the perspective of product, source and market through aliexpress bestselling, today's deals, category selection, through train selection and data vertical-horizontal. Na Li (2018) elaborated the selection method based on the function of Express link platform and combined with Google Trends, the basic research tool of Google. Guangqun huang (2019) based on kilimall, a cross-border e-commerce platform in Africa, determined its precise product selection ideas: to clarify the characteristics of the target market, select the appropriate product line, analyze competitors, and determine the product selection path. Starting from several representative cross-border e-commerce platforms at present, Pingping Wu (2016) positioned different target markets, such as Amazon platform, whose product positioning is relatively high-end. The target markets are mainly developed countries such as the United States, Canada, Germany, the United Kingdom, France, Japan, etc. The express platform has low platform threshold, convenient operation, and its product positioning is mostly medium and low-end, overseas target market is mainly Russia, India, Brazil and other emerging markets. The product positioning of eBay platform is relatively comprehensive, including low-end products with low cost and high-end products with high added value.

Then on this basis, it analyzes the export selection and marketing promotion strategies of cross-border e-commerce enterprises, and puts forward specific suggestions: be familiar with the cross-border e-commerce platform rules and product related laws and regulations; conduct multi-channel investigation to grasp the overseas market demand at any time; select high-quality products in the process of a large number of trial and error; and establish a stable product supplier relationship. Wish platform focuses on building mobile clients with simple and efficient operation. It is suggested that sellers should not blindly choose low-cost products (Shuyan Zhu 2018).


To sum up, the main content of cross-border e-commerce selection research involves the concept and mode of product selection, problems and influencing factors, selection methods and strategies, and its selection practice in various mainstream e-commerce platforms. The main research ideas can be summarized as product selection status and problem analysis, influencing factors based on problem analysis, and finally research on methods and strategies based on cross-border e-commerce development practice. However, the existing research on each part is relatively weak, the research system is not perfect, and the analysis of methods and
strategies is not deep enough. For example, the research on the application of cross-border e-commerce product selection which is fundamentally transformed into follow-up strategy and differentiation strategy is still blank. The future research can follow the following research path: according to the actual situation of cross-border e-commerce, determine the selection mode and its main problems, determine the main influencing factors through the analysis of specific problems, select or combine the selection methods and strategies according to these factors, and then test and optimize them on specific platforms. However, it is necessary to further strengthen quantitative analysis, case analysis for each selection mode, discussion on the practical application effect and limitations of each selection method strategy, and summarize the commonness and regularity of selection strategies and corresponding tools based on different platforms, so as to promote relevant practitioners to realize sustainable and effective selection on different platforms.

References