

Research on International Marketing Strategy in Sailvan Times Under the Background of Cross-border E-commerce

Qingwen Ran¹ & Shiya Wang¹

¹ International Business School, Chongqing Technology and Business University

Correspondence: Qingwen Ran, International Business School, Chongqing Technology and Business University.

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Abstract

Cross-border e-commerce is a new model of international trade development. The rational implementation of its international marketing is also constantly promoting the growth of China's trade economy and has broad market development prospects. Through the research on the current situation of international marketing of the Sailvan Times company, combined with literature research, case analysis, and around 4P marketing theory, this paper puts forward the selection of precise products and personnel according to the risk challenges of the company's product competition, exchange rate, promotion, channel infringement, and policy environment. The platform operates in compliance and strengthens the protection of property rights; Establishes an early warning mechanism of exchange rate; Focuses on commodities preparation and improves the emergency plan; Improves product quality; Pays attention to after-sales and logistics and other response suggestions. Therefore, Sailvan Times can clarify the self-positioning of international marketing, enhance the competitiveness and provide valuable suggestions for long-term development of the Sailvan Time.

Keywords: cross-border e-commerce, international marketing, 4P marketing theory, Sailvan Times

1. Introduction

With the advancement of RCEP, the world's largest free trade agreement(FAT), the market and profit space of the cross-border e-commerce industry will also be further expanded. By the end of August 2021, China's import and export scale reached a record high of RMB 24.78 trillion, with a growth rate of 23.7%, reaching a 10-year high. As a result, cross-border e-commerce is a major mainstream in the future development of international trade and an essential engine for China to further open up to the outside world. Under the current development situation, cross-border e-commerce platforms actively develop competition and global trade exchanges are growing strongly. However, only by comprehensively analyzing and grasping the international marketing of cross-border e-commerce, and focusing on adjusting business thinking, can the business model be optimized to the greatest extent and strive to use appropriate marketing strategies to enhance market competitiveness and promote healthy and stable development of enterprises. This research uses case studies and research analysis, guided by the "4Ps" marketing theory, and takes the Sailvan Times as the entry point to elaborate on the company's current situation and risks, reflecting the development of Sailvan Times to a certain extent. It also provides countermeasures for it. This paper aims to provide reference suggestions for the current marketing of the Sailvan Times, and also has practical significance in the international marketing development of cross-border e-commerce enterprises.

2. The Development Situation of the Sailvan Times Company Under the Background of Cross-border E-commerce

2.1 Definition of Cross-Border E-Commerce

Cross-border e-commerce logistics usually refers to buyers and sellers from different contiguous regions, completing transactions through network technology service platforms, and distributing commodities according

to cross-border logistics. That is, cross-border e-commerce freight logistics and foreign warehousing logistics. Electronic devices make electronic payments to complete international business activities of buying and selling. Cross-border e-commerce network technology is developed based on the Internet, and cyberspace is a new domain relative to physical space. It is a virtual but objective world with website addresses and login passwords. The unique use value norms and behavior patterns of the network environment profoundly impact the international trade of cross-border e-commerce companies, making them different from traditional trade rules and highlighting the unique characteristics of cross-border e-commerce companies.

2.2 Introduction to Sailvan Times Company

Sailvan Times is one of the pioneers in cross-border e-commerce in China and one of the top ten iconic cross-border e-commerce companies in China. Based on third-party e-commerce platforms such as Amazon, Wish, and eBay, and vertical category direct-selling websites such as Retro and Stage, the company sells high-quality, personalized lifestyle products to the global customer market, including apparel and accessories, fitness, sports, games and entertainment, and department store furniture, etc. At the same time, the company also relies on a comprehensive cross-border e-commerce logistics warehousing management system to provide third-party logistics and distribution services (Sailvan Times Company, 2021).

The company focuses on the B2C business model and relies on Amazon to “sell overseas”. In 2020, Sailvan’s revenue is about RMB 5.25 billion, and its net income reaches RMB 450 million, but the net margin is less than 10%. There are customs clearance, tax declaration, exchange gains and losses and many risks such as the tariffs imposed by the Sino-US trade friction. The prospectus shows that in 2020, the company’s period costs are specifically embodied in the high logistics costs, sales platform fees and business promotion expenses.

Table 1. Part of the cost of Sailvan Times

Project	2020		2019		2018	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
Logistics costs	96,110.67	36.22%	63034.83	37.94%	54,755.17	40.33%
Sales platform fees	74,905.64	28.23%	45,453.68	27.36%	39,555.65	29.14%
Business promotion expenses	54,878.40	20.68%	30,262.14	18.21%	15,376.10	11.33%
Employee’s salary	29,701.30	11.19%	20,638.85	12.42%	20,177.69	14.86%
Warehousing cost	5,763.38	2.17%	3,963.53	2.39%	3,733.06	2.75%
Other	3,986.86	1.50%	2,795.43	1.68%	2,155.76	1.59%
Total	265,346.25	100%	166,148.47	100.00%	135,753.43	100.00%

3. Analysis of the International Marketing Strategy of Sailvan Times Company

3.1 Product Strategy

Sailvan Times is a technology-driven export cross-border e-commerce. Its market is mainly for Europe, South America, North America and Australia, and its products are connected to countless countries. Therefore, the product strategy sector must be in line with international standards. Under the background of the “Internet+” environment, Sailvan Times fully utilizes cross-border brand marketing, and strictly selects products according to the three major selection rules of “market demand”, “analysis of competitors” and “positioning differentiation”, while establishing its own products and continuously shaping the international reputation of the product brand.

Sailvan Times judges the current situation of products in the market and formulates corresponding product strategies according to the sales and sales growth rates of the products that have been released on the shelves. Now the company’s apparel and accessories brands have developed to a very mature stage, including Ekouaer, Avidlove, SHESHOW, covering loungewear, women’s wear, men’s wear, functional wear and other categories, while establishing and developing major brands of “sports entertainment” and “department furniture”. Under the situation that the “closing shop tide” may prompt the cross-border e-commerce circle to usher in a reshuffle, Sailvan Times has the major brands of multiple industries recognized by international, which can make Sailvan Times become one of the ultimate winners in this reshuffle.

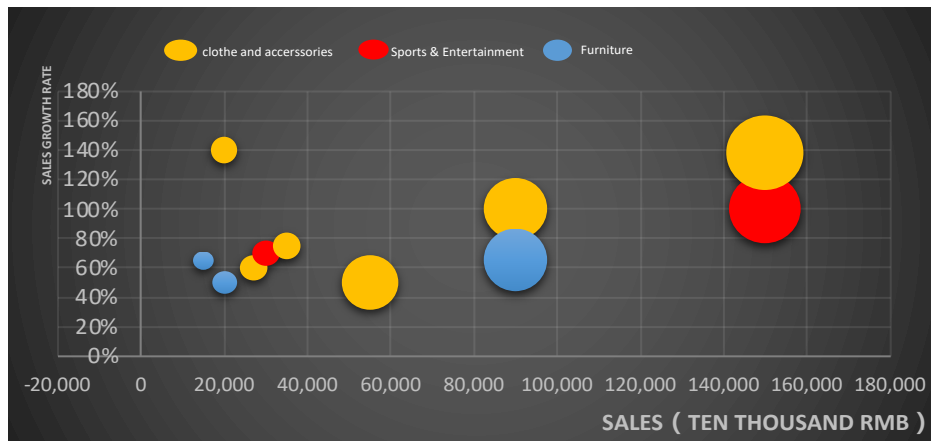


Figure 1. The layout of Sailvan Times selection

3.2 Pricing Strategy

First, e-commerce pricing is based on cost. This strategy sets the price directly and ensures a minimum return for each product sold, which is only applicable to the test products in the early days of the Sailvan Times in order to avoid losses; second, it is based on the pricing of competitors. This pricing strategy requires “monitoring” the prices charged by direct competitors for specific products and setting the expected corresponding prices, which is suitable for the mid-term stage of testing products in Sailvan Times, but attention should be paid to avoid “downward competition” in pricing; Third, e-commerce pricing based on product value. This strategy requires the company to conduct sufficient market and customer research. Based on the above two-stage of pricing strategy, after a familiar understanding of the price orientation of the test product, consider procurement costs, logistics costs, platform commissions, promotion costs, etc., to customize the best price.

As far as the B2C business model is concerned, the cost of Sailvan Times is mainly the cost of goods sold, which is subdivided into product cost and headway logistics cost. In 2020, the company’s product cost was the main source of the Prime Operating Cost, which is mainly affected by the purchase price of commodities; The headway logistics cost refers to the company’s transportation of the relevant purchased goods to the company’s overseas warehouse or FBA warehouse by sea, air, or combined transportation. The logistics and transportation costs incurred for staged storage, as well as the transportation costs incurred by allocating inventory between overseas warehouses and FBA warehouses.

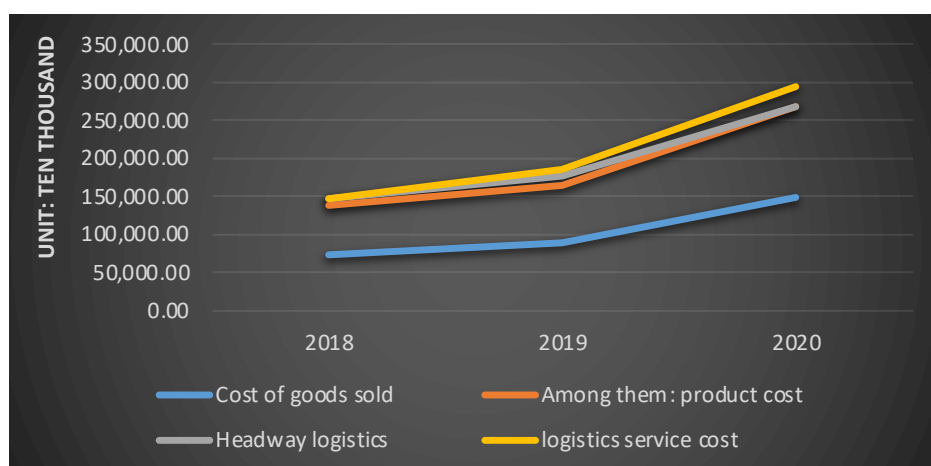


Figure 2. Cost composition of the main business of Sailvan Times

3.3 Channel Strategy

In the current situation of Sino-US trade war and Amazon’s “closing shop”, in order to prevent being wiped out in the “shuffle”, the system developed by Sailvan Times can be based on product labels, product sales, Google Trends

and other data, using “Gradient Boosting Decision Tree” (GBDT) algorithm can accurately predict the sales volume of products in the future, and conduct supply and demand simulation calculations based on supply-side data such as available inventory in each warehouse, procurement in transit, allocation in transit, sea, land and air transportation cycle, supplier production cycle, etc. Instruct relevant personnel in procurement and allocation. As a cross-border e-commerce company that is both the independent station and platform, and has a free brand and an independent factory, its channels are also complete and effective. Its brief channel flow as follows:

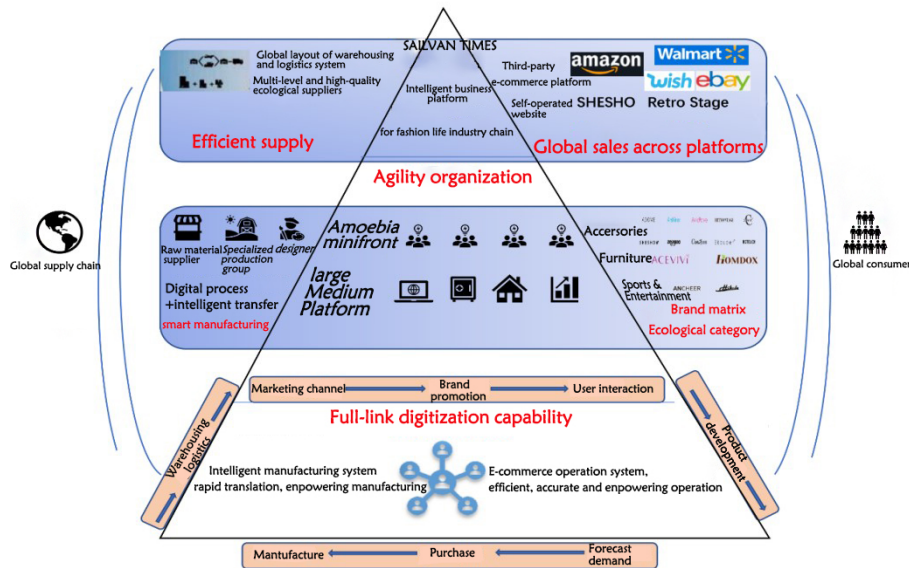


Figure 3. Brief channel flow of Sailvan Times

3.4 Promotion Strategy

In terms of promotion, in addition to basic promotional channels such as WeChat, Tiktok, Sina-Weibo, and various offline activities, the company’s sales tools can automatically place CPC advertisements on the site. Specifically, the company’s CPC advertising automatic placement can automatically select potential products based on information such as daily average volume, comprehensive gross profit margin, refund rate, inventory, etc., and combine the advertising strategies of different stores to automatically place ads through the API interface opened by the Amazon (Amazon) platform. At the same time, the system will automatically synchronize the performance data of advertisements through this API interface, so as to further optimize and adjust advertisements. The company also uses Facebook, Googleads, Tiktok, Instagram, YouTube and other social platforms to advertise, use the algorithm function of the Internet, and different stages of bidding strategies to obtain the most considerable conversion value with the minimum advertising cost.

4. Risk Analysis of International Marketing of Sailvan Times Company

According to the above analysis of the 4P marketing theory strategy (product, price, promotion, channel) of Sailvan Times, combined with the current development situation of cross-border e-commerce, the following challenges are drawn about the international marketing of Sailvan Times:

4.1 Product Competition Risk

The cross-border export e-commerce industry is still in a rapid development stage, and many SMEs are in the cross-border export e-commerce industry. At present, a large number of entrepreneurs continue to enter the market, and the self-operated brands of third-party e-commerce platforms such as Amazon, Wish, eBay and Walmart also facing large pressure in terms of market share. The product homogeneity of e-commerce platforms and B2C export companies is quite serious, competition is becoming increasingly fierce, and profits are gradually declining. In the future, if an enterprise cannot continue to maintain its advantages in capital, technology, talents, brand, marketing, product development, supply chain and management capabilities, and carry out technological upgrades and business innovations promptly, there will be risks such as weakening of competitive advantages and declining operational performance (Zhang Jing, 2021).

In 2020, the gross profit margins of the company’s B2C business model were 66.66%, 68.21% and 70.18%,

respectively. Even against the same industry standard companies, the company's gross profit margin is not inferior, about 20 percentage points higher than the average value of peers in 2020, the company said this is mainly due to different companies' category structure, brand premium and operational capacity, platform layout and other differences.

By sorting out the company's finished goods, gross profit margin, and selling expenses, it can be found that in 2020, the company's high gross profit margin will lead to a large margin for gross profit, but the same high period expenses will seriously erode the profit margin and the net margin will be low. Therefore, B2C, the business model, is the main business model, and the ability to "make money" from the cross-border e-commerce Sailvan Times relying on the Amazon platform to go overseas remains to be seen in the future.

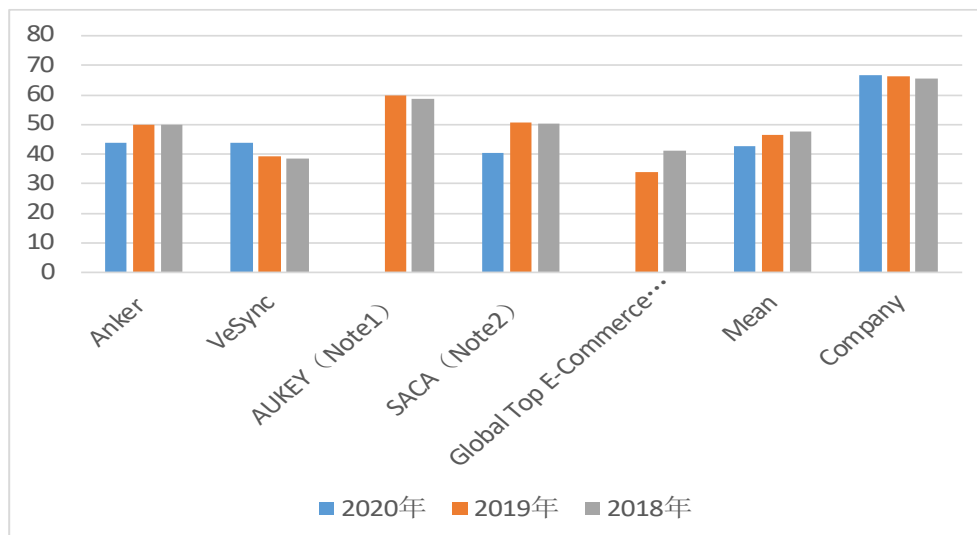


Figure 4. Comparison of the gross profit margin of main business between Sailvan Times and comparable companies in the same industry

4.2 Pricing Risk

The product pricing of cross-border e-commerce will bring exchange rate fluctuations. Foreign exchange banking services are complex and audit results are uncertain. The time lag from pre-order to order, shipping and then payment will inevitably result in exchange rate changes that will have an impact on the business. SMEs, in particular, are more likely to face the dual pressure of price competition and exchange rate fluctuations, and may even be eliminated in market consolidation (Dong Xiangwen & Zhu Zhenrong, 2017). In this case, companies that do not specifically manage their exchange rates will most likely make their company profits disappear or even lead to losses. Therefore, how to carry out efficient exchange rate risk management is a major issue that Sailvan Times focuses on.

4.3 Channel Risk

The company mainly conducts business on third-party e-commerce platforms such as Amazon, Wish, eBay, and Walmart, as well as self-operated websites such as SHESHOW and RetroStage. It sells products to overseas terminal customers through online export and cross-border retail (Lan Xiang, 2018). According to the latest prospectus of Sailvan Times, in 2020, the company's product categories and sales channels continued to broaden, and "branding" transformation continues to promote, 2018, 2019 and 2020 company turnover of RMB 2.245 billion, RMB 2.879 billion and RMB 5.253 billion, respectively. The company's net income turned around in 2019, but the net margin never exceeded 10%. The net income in 2018, 2019 and 2020 were RMB -663.30 million, RMB 0.54 billion and RMB 451 million. However, it has never gotten high returns, which is a major hidden danger to the recent impact of IPO in Sailvan Times. During the transaction, disputes may arise between the two parties regarding product quality, logistics and transportation, after-sales service, etc. On the one hand, it will bring additional business costs to the company, such as return costs and potential communication costs, and on the other hand, it may affect the company's brand image.

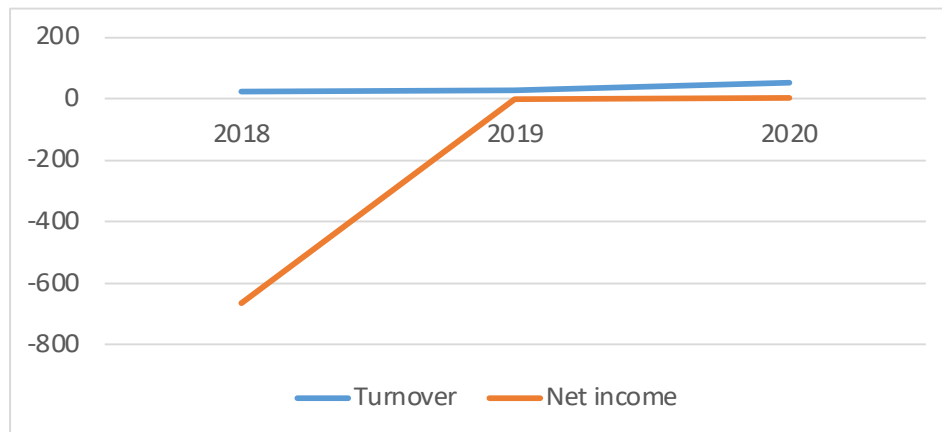


Figure 5. The operation status of Sailvan Times

4.4 Promotion Risk

The cross-border export e-commerce industry is still in a rapid development stage, and many SMEs are in the cross-border export e-commerce industry. Companies like Amazon, Wish, and eBay faces market share pressure from their brands on third-party e-commerce platforms such as Walmart. Under the trend of undifferentiated commodities on e-commerce platforms, various price reduction promotions such as limited time limit, total discount, and timed promotions have emerged to grab orders, clicks, and market share (Du Wei, 2019). In the future, if an enterprise cannot maintain its advantages in capital, technology, talents, brand, marketing, product development, supply chain and management capabilities, and carry out technological upgrades and business innovations promptly, it will face risks such as weakening of competitive advantages and declining operational performance (Zhang Jing, 2021). For example, since May 2021, most of the reasons for Amazon's "closing shop tide" are violations such as "inappropriate use of the review function", "soliciting false reviews from consumers" and "manipulating reviews through gift cards" by the platform. Transactions such as "click farming and evaluation" constantly disrupt the market and finance. The cost of cross-border e-commerce transactions on different platforms is different. Amazon is too expensive and not cost-effective, and generally does not make a click farm. Other platforms may be cheaper, while logistics If the company itself controls it, it is easier to make a click farm, which will aggravate the doubts of the regulatory authorities. After all, financial authenticity is a red line.

4.5 Policy Environment Risk

Sailvan Times, as a cross-border e-commerce company, has the United States as its main source of revenue. The United States, with its vast consumer market, has dramatically attracted the development of cross-border e-commerce companies. In 2020, the occurrence of Sino-US trade frictions had seriously affected the expansion and development of the cross-border e-commerce industry. Of course, this also affects the sales performance of Sailvan Times Company to a certain extent.

In addition, cross-border e-commerce platforms will be affected to varying degrees due to the impact of the new crown pneumonia epidemic, and supply chain pressure will affect short-term performance (Lin Fazhi, 2020). On the one hand, the resumption of domestic factories was delayed; on the other hand, local roads were closed and transportation was delayed. Supply chain disruptions and transportation delays also disrupt the company's sales planning. Even in the case of product promotion risks, there will be a risk of out-of-stocks, which is also related to the turnover of cash flow and is undoubtedly one of the most damaging risks.

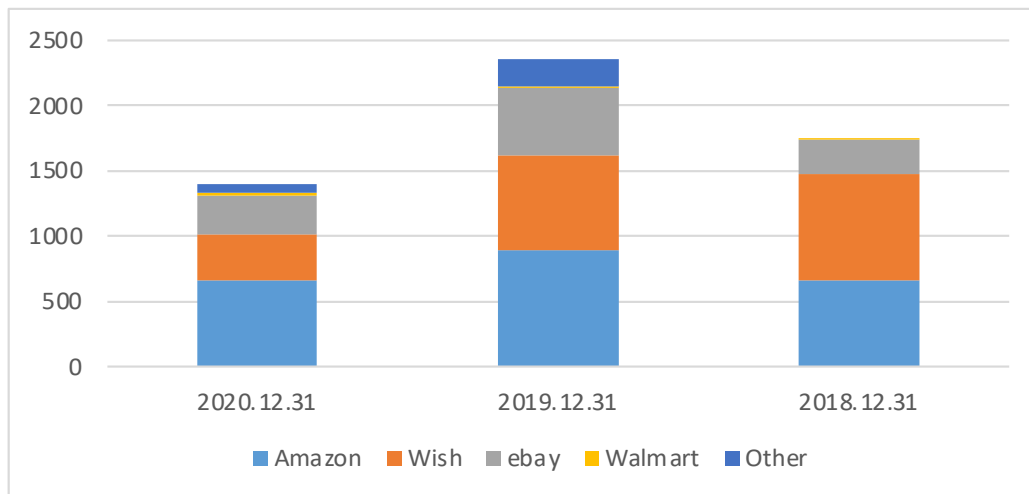


Figure 6. Number of stores on each platform

The year 2020 is an epidemic year with particular circumstances. The chart shows that in 2019, there are still 2,361 stores on each of Sailvan Times's platforms, and by the end of 2020, only 1,405 remain. Although it is still a multi-store operation, the reduction in the number of stores by almost a thousand is a very significant amount. Since preparing for the IPO in 2019, Sailvan Times has started to clean up a batch of potentially risky accounts. These potentially risky accounts are stores that are controlled through escrow agreements with third parties. At the end of 2018, there were still 2,001 stores held by Sailvan through third parties. By the end of 2019, there were only 834 stores left, a decrease of more than 1,100. By the end of 2020, the number of third-party stores were directly cleared. In Sailvan Times's first prospectus in July 2020, it was mentioned that the company has registered 822 subsidiaries to open stores. In fact, these 800 subsidiary stores are to undertake the sales of these stores held on behalf of the company through third-party escrow agreements.

5. Countermeasures for International Marketing of Sailvan Times Under the Background of Cross-border E-commerce

5.1 Product Competition Risk Response

Facing increasingly fierce competition in the cross-border e-commerce market, Sailvan Times should focus on proper product selection. In selecting products, the company can take mould unloading, processing and selling, product mix, etc., to avoid the industry's fierce competition in 3C and other categories, and to avoid unpopular products and product homogeneity. At the same time, enterprises should regularly conduct training on product quality system certification among relevant employees, so that employees are familiar with the mandatory standards of product quality in the target country to the greatest extent, so as to better ensure that the products meet the quality expectations of the destination country; Personnel regularly checks product quality and follow up on customer feedback promptly to ensure that once problems are found in product quality, they can be quickly rectified.

In addition, Sailvan Times needs to focus on data operation and construction of user resource area, establish a full-link digital system from product development and design, shelf sales, and after-sales feedback to achieve comprehensive management of business processes to build its own core competitiveness; it also can develop new customers from other platforms, such as off-site marketing and promotion on social platforms such as Facebook and Twitter, and import accumulated fans and old users into the ARS evaluation management system to build your own user resource area for effective product promotion.

Finally, Sailvan Times can select outstanding talents through school-enterprise cooperation or holding competitions, etc., to cultivate compound practical talents who not only have solid theoretical knowledge but also can solve practical problems to meet future product development needs enterprises.

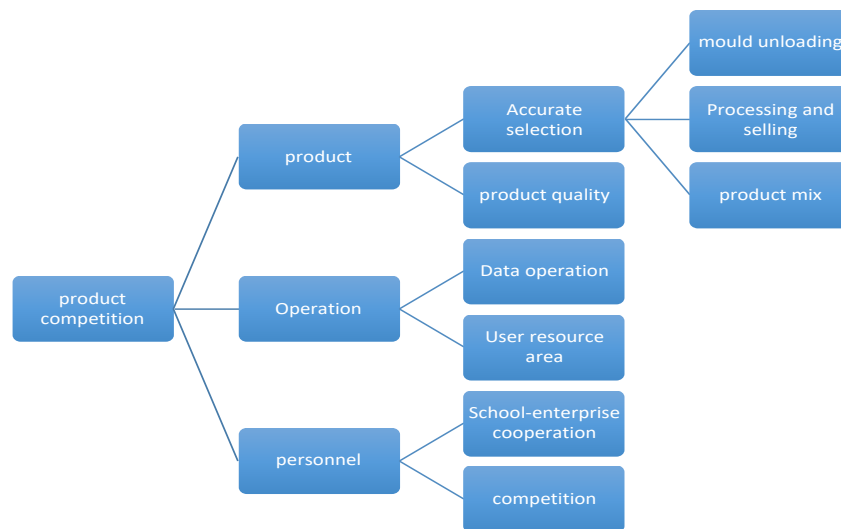


Figure 7. Product competition framework

5.2 Pricing Risk Response

Sailvan Times should pay close attention to competitor pricing, predict the possible price changes of competitors in advance, and prepare appropriate countermeasures in advance; establish a pricing risk prevention and handling mechanism, conduct pricing risk handling drills in daily management work, and periodically evaluate pricing strategies to improve responsiveness to pricing risk handling. Implement a differentiated marketing strategy, that is, in a heterogeneous market, provide the target market with high-quality services that are different from competitors, and create an other product image, so as to avoid direct price competition by reducing consumers' attention to price, and turning to value competition that is beneficial to the company.

In addition, fluctuations in exchange rates sometimes expose companies to pricing risk. Therefore, Sailvan Times should establish an exchange rate risk management system and a professional management team, collect exchange rate market information in real-time, and pay attention to exchange rate trends; choose financial derivatives with simple structure, strong liquidity, and controllable risk, and innovative exchange rate risk management portfolio products to carry out hedging business; establish a systematic exchange rate risk assessment and early warning mechanism and management system, which need to cover each key link of pre-prevention, in-process monitoring, and post-processing to help enterprises effectively avoid exchange rate risks.

5.3 Channel Risk Response

Improving and modifying the existing international marketing channels of Sailvan Times is one of the ways for Sailvan Times to break through the channel risks and the shackles of its own development. First, choose a reputable logistics company to achieve long-term cooperation projects, optimize the logistics delivery link, achieve one-click delivery, fast delivery, improve the ability of order processing, make full use of the modern logistics management system, and make the delivery process more standardized and process-based, implement the post responsibility system, and the responsibility must be thoroughly implemented on each employee; Second, purchase insurance services for logistics products each link to transfer risks. At the same time, start cross-border logistics risk management services, for each cargo overdue warranty, misdelivery, inconsistent description, and even the loss caused by various force majeure factors in transit to give timely compensation, while dealing with amoeba small front-end services, taking into account the perfection of the large middle data, using the "small front + large middle" mode of operation. Finally, the company accelerates the construction of overseas warehouses. It establishes overseas service points in or near importing countries with high demand to provide sales services in designated areas, broadening the coverage of sales channels and dispelling importers' concerns and worries about after-sales services.

5.4 Promotional Risk Response

Sailvan Times should be based on the dynamic marketing environment to update the promotion idea, from the producer-centered to consumer-centered and extend the single consumption discount to multi-faceted services such as health entertainment, cultural leisure and more. At the same time, it can sign long-term cooperation agreements with well-known enterprises in other industries to share resources and services, thus further creating a corporate promotion culture with its own characteristics. In addition, Sailvan Times should plan promotional activities scientifically. For example, differentiated promotion strategies can be implemented. Based on market segmentation,

different product mix schemes can be developed based on the differences in needs of different customers to satisfy users' needs as much as possible. In addition, the company should be scientific planning promotion modes, such as the implementation of differentiated promotional strategies, based on market segmentation, based on the differences in demand between different customers to develop different product integrated modes, so as to meet the needs of as many consumers as possible.

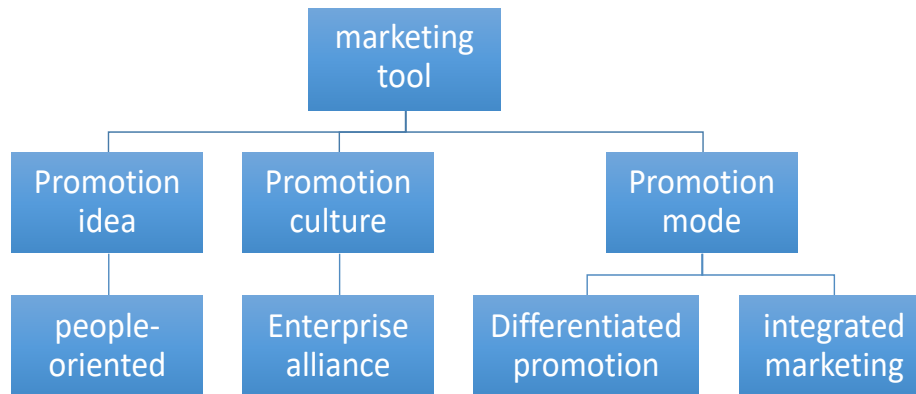


Figure 8. Promotional tools framework

5.5 Policy Environment Risk Response

In the new period, the international trade policy is complex and changeable (such as Sino-US trade friction resulting in the US imposing import tariffs on Chinese enterprises), which is likely to impact the production and operation of export cross-border e-commerce in Sailvan Times. Therefore, Sailvan Times has to focus on the relevant work to avoid the policy risk. The company should pay attention to the changes in the international situation and understand the changes in the relevant trade policies of the main target countries towards China, and at the same time continuously improve the contingency plan for the prevention of corporate policy risks, so as to minimize corporate losses in the event of policy risks.

In addition, there are still significant uncertainties in the global epidemic prevention and control, which invisibly makes the production and operation of Sailvan Times face enormous challenges. In this regard, the company can adopt a multi-regional supply chain distribution strategy to reduce the risk brought by the epidemic to corporate profits due to the concentration of the regional chain of the company; If there is inventory, estimate the inventory consumption time, communicate with the supplier in advance to arrange to stock. At the same time, the epidemic has caused the logistics system to be inefficient, and the product delivery time may lag behind the agreed time of the platform. Therefore, Sailvan Times should fully communicate with foreign customers and strive for their understanding and comprehension.

6. Conclusion

Based on the actual situation of the development of cross-border e-commerce enterprises in Sailvan Times, the in-depth study of the company is conducted from the analysis perspective of international marketing, focusing on 4 elements: product, price, promotion, and channel. Through the above analysis of the international marketing of Sailvan Times, the company should strengthen the research and development of its own brands, select products accurately, strengthen product quality system certification, establish a systematic exchange rate risk assessment and early warning mechanism and management system, differentiated marketing, promotion, and strengthening logistics management services, improve after-sales, improve policy risk contingency plans, adjust sales strategies, focus on stocking and other forms, effectively optimize the company's international marketing strategy, to give full play to Sailvan Times' brand advantages in market competition, further expand the company's brand influence, enhance the company's market competitiveness, and comprehensively improve the implementation of the company's international marketing layout to achieve sustainable development.

Fund Project

The Entries of the Chinese Regional Selection competition of the 9th Global College Students International Trade and Business Competition in 2021. Supervisor: Zhuang Ma, Jianzhong Li.

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