

# E-commerce Applications of Yiwu Market in the Age of the Internet

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**Abstract** - The development of Internet and electronic commerce, formed a huge challenge and also brought great opportunities to the traditional professional market. As one the biggest small commodity market of the world, Yiwu market e-commerce applications has been gradually penetrate into every aspect, reasonable e-commerce strategies becoming the important content of Yiwu market long-term healthy development in internet age.

**Index Terms** - Yiwu market, physical market, intangible market, electronic commerce strategy

## 1. Introduction

After more than 20 years of development, the organization form of Yiwu market has developed from traditional market into modernization, new professional market internationalization. Market function has developed from single commodity trade to such as show goods, information collection, price formation, the development of products, innovation direction. With the change of the demand function and the outside world, the traditional operation can not completely meet the operation of the overall market. In recent years, the "intangible" electronic commerce gradually get into the operation of the "physical", Yiwu market has get into a organic combination of tangible and intangible markets.

With the rapid development of Yiwu market, the product information, network has become a trend of with all kinds of electronic commerce arising. As a global sourcing center and scatter center, business network application has reached a certain degree, International trade city market of phase I and ii enterprise computer ownership within 63%, broadband penetration within 65%, more than 50% of the enterprises have set up the WWW top-level domain names, 35% of the enterprises spend network promotion every year. In addition, the close relation of Yiwu international trade city e-commerce sites have sprung up, including China commodity city net, global sources web, Yiwu trade network, search goods net, China Yiwu international trade city network, even some of Yiwu small commodity city electronic map website, etc. According to the statistics of the Yiwu Internet association, there are more than 100 e-commerce site\1000 websites existing in local market. At present there are 30% of Yiwu Business users launched e-commerce enterprises, 74% of the online transactions accounted for over 10% of the total turnover[1].

E-commerce in Yiwu market has formed a certain scale. But the electronic commerce bring new vitality and also many problems and challenges for Yiwu market, at the same time.

How to using electronic commerce in a better way, how to combining both tangible and intangible market become the an important issue in the future strategic planning.

## 2. Yiwu Market Opportunities in the Internet Age

### 2.1 Opportunities of promoting the Yiwu international market

At present, the extroverted degree of Yiwu market has reached more than 65%, International trade is the key of the Yiwu market. The arrival of the Internet provides advanced technology to Yiwu market internationalization management. E-commerce also promotes the development. Because the Internet can break through geographical, time constraints, less influenced by natural conditions, using the international trade not only help the small business enterprise saving transaction cost and time ,but also providing more opportunities of the operator with export trade than ever before, which make up for small enterprises on the international market information, understanding problems<sup>[2]</sup>. Using the electronic commerce can breakthrough the limit of time and space of physical markets, also help the Yiwu small commodity enter the world, expand the trading space in the intangible market, increase the professional market demand, improve the International professional market visibility. As a new major sales, the internet will breakthrough the mode of operation, take the extension Yiwu to the international market.

### 2.2 Opportunities of promoting the competitiveness

As the world's largest small commodity distribution center, Commodity resources highly concentrated while trade objects scattered. Small commodities wholesale consider is how to reduce the cost most, Commodity procurement costs will improve a lot, If including the transportation cost, Commodity price advantage will be lost. If move the small commodity market to the Internet, With the help of e-commerce platform for a deal, can effectively reduce the cost and save time from the perspective of customers. On the other hand, the financial crisis, the appreciation of the RMB, rising raw materials, labor costs increase has been active in the field of professional market make the pressure to the small and medium-sized enterprises, so Many small and medium-sized enterprise survival difficult. In such cases, the use of lower transaction costs of e-commerce, has become the path of the professional market.

## 3. The Challenge of Yiwu Market in Internet Age

### 3.1 The lack of government "visible hand"

In nearly 30 years in the development of Yiwu market,

Yiwu government "the visible hand" has played an important role. Yiwu government has developed a unique effective credit evaluation system. It is a magic weapon of Yiwu market management[3]. The success of market is like a ready of goods which easy to copied. Since the 1990 s, many cities in China copied Yiwu international trade. With the popularity of e-commerce concept, copy the Yiwu international trade city has become a popular trend, a market on the Internet has a lot of copy version. These same website makes it hard to make a choice, expand the site supplier for Yiwu enterprises. Yiwu government helped a lot to the fast development of the market. It is because the government's "visible hand" has always been firmly grasp the market resources, Yiwu market developed of so fruitful. But Yiwu government "the visible hand" has not been timely follow up in the network market, and online marketing management lacked of supervision mechanism.

### 3.2 E-commerce skills shortage

According to preliminary statistics, there are 74 households related to the electronic commerce in Yiwu enterprises, individual businesses, 224 online wholesale for registration. While the body of Yiwu engaged in online trading getting more and more, but the Yiwu e-commerce development level is not high enough, some merchants gradually show shortage on computer operation and cognitive aspects of the Internet. At present, most of the market or merchants tend to stay in the information display level, lack of promotion and operation, unable to use e-commerce to bring real value. Although the development of e-commerce applications in Yiwu market is good, and the trend is growing, the overall development level of e-commerce still needs to be improved. For businesses, the purpose of the application of e-commerce is hoping to bring more new customers through online trade, but since most businesses have only traditional market management experience for many years, they don't know much about the Internet, and due to the limitation of technology and human resources, they are not very familiar with to electronic business, it is a big bottleneck for them to start their own online market, technology and operation.

### 3.3 E-commerce replacement role for Yiwu market

One important reason for Yiwu market development is that rely on the high of Yiwu market sales , high degree of companies rely on to the market, Professional market is the sale channel for enterprises, especially those who are not capable of self-built . In the Internet environment, due to the electronic commerce can at a lower cost, higher efficiency deals, enterprise self-built channels become possible. Survey showed that 24.1% Business users based on the main sales channels of Yiwu market and 27.3% foreign trade agent based on the main sales channels Foreign trade agency thought enterprise self-built marketing network is the biggest Influence factors of local market. For the professional market, electronic commerce is a "double-edged sword". At the same time of expand the space for the professional market, Internet powerful interactive information and transaction will also be huge impact on the formation of tangible market, a

"substitution effect" will appear[4]. Theoretically, although the virtual market and the real market will coexist in a certain period of time, there must be some competition substitution between the virtual entity platform and e-commerce platform in professional market.

## 4. Yiwu Market E-commerce Application Strategy

### 4.1 Clearly Electronic commerce positioning

As a kind of high efficient IT system, Electronic commerce the information transfer is not restricted by time space and the cost is low, which is very important for the traditional physical market internationalization. It is better for professional market taking the The electronic commerce and Yiwu market together. and the combination of e-commerce is trend of the future demand to Yiwu market. In the integration of electronic commerce and professional market, the first question is dealing with the relationship between the intangible and tangible market, clearing the strategic position and function of electronic commerce. Many functions such as negotiation, signing, clearing, shipping, customs declaration, tax and so on will can be implemented through the electronic commerce system with the improvement of the e-commerce system in future and electronic commerce can greatly increase the development of Yiwu tangible market. But on the other hand, there are a lot of features in electronic commerce system of Yiwu tangible market is unable to realize, such as logistics, exhibition and display of physical commodities. Therefore, in the process of the electronic commerce development of Yiwu market, clearing the auxiliary function of electronic commerce strategy is the first step straighten out the relationship with the physical market. E-commerce sites can improve the competitiveness of Yiwu market, make up for the inadequacy of their own, but the influence of economic and social development in Yiwu market is a full range. Electronic commerce should be specialized for Yiwu market, can not put the cart before the horse. It should strengthen the management of professional market while moderate online e-commerce, promote professional market new formats and functions.

### 4.2 Strengthen the role of the government "the visible hand"

The domestic professional market seems to be the core which many e-commerce enterprises focus on since 2008, Yiwu commodity market has become the center of domestic e-commerce enterprises. In the network, there is not only official website of China commodity city, Alibaba, business treasure, China manufacturing network, and also Yiwu local E-commerce sites. Malignant competition is a blow for professional market of electronic commerce and also a bad influence for the market. In the electronic commerce development inevitable trend, the Yiwu government should actively play to the role of the "visible hand", integrate coordination network resources, guide the cooperation development between professional market of e-commerce sites, focus on network platform support, advance payment system and logistics information platform construction, timely follow up network commodities trading market standardization construction. Set up specialized agencies,

coordinating departments, foster intangible market, formulate measures to promote the development of e-commerce are very important.

#### 4.3 Promote enterprise electronic commerce application ability

To the electronic commerce development is considered to be the trend of the development of the professional market, for the professional market would not be hard to build a network platform. the Customer and service is the core of professional market. Although a lot of enterprises join in the network platform currently in Yiwu market, but most can not use resources reasonable, make full use of the value of electronic commerce. Only by making more and more enterprises have the opportunity to experience a network can make the electronic commerce form a solid market foundation, take the Internet technology and marketing effectively. The Internet industry and government departments can study e-commerce requirements of enterprises at present, understand the needs of the enterprises, help guide the

enterprises to understand the model of e-commerce management connotation. The connotation is helping enterprises make full use of the advantages of e-commerce, strengthening technology application ability training, maximizing the development of invisible market On the basis of traditional professional market.

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