

The Dilemma and Breakthrough of Developing China's Small Commodities Foreign Trade under the Background of "Double Cycle" Strategy

-- Taking Yiwu Small Commodities Foreign Trade as an Example

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Abstract: China's small commodity export has a huge international market, among which Yiwu has become the small commodity distribution center with the highest transaction volume and the largest logistics volume in the world. In recent years, due to the COVID-19 epidemic, the weakening of the real economy, coupled with the turbulent international situation and the instability of the international economy, China's small commodity exports have been sluggish, mostly low-end products, and enterprises lack marketing capabilities, and export countries and regions are also concentrated. These problems seriously restrict the sustainable development in the future, especially the overall export product structure has great problems. This paper discusses how to improve the development of foreign trade in the small commodity market, and finds that in order to achieve sustainable export of small commodities in the future, enterprises not only need to strengthen their awareness of innovation, but also need to make greater breakthroughs in the added value of products; they also need to strengthen their brand awareness. , establish a brand image, do a good job in international marketing, and improve brand awareness; finally, companies need to strengthen cooperation with more countries and regions to reduce regional dependence.

Keywords: Small commodities, Yiwu small commodity market, foreign trade of small commodities, International marketing.

1. Introduction

The research on the foreign trade of small commodities in China, especially in Yiwu, is relatively extensive. However, there are still many problems in the export trade of small commodities, such as the lack of innovation awareness, the low-end industrial chain of export products, etc., which have not received enough attention, and the development has been continuously affected. It is of great significance to conduct in-depth research on relevant issues, and then discuss solutions based on these issues, so as to provide suggestions for the sustainable development of foreign trade in China's small commodity market.

2. Status Quo of China's Small Commodities Foreign Trade (Take Yiwu as An Example)

It can be said that China's small commodity distribution center is Yiwu. Yiwu is the place with the largest variety of commodities and the most active private enterprises in the country. It is also the country's largest small commodity export market. More than 70% of Yiwu's small commodities are exported to more than 210 countries and regions around the world. It has more than 8,000 foreign investment entities, and more than 56 per year. Ten thousand foreign professional customers come to Yiwu to purchase. For a long time, Yiwu's economy mainly relied on small commodities. The development of Yiwu to its present state is largely due to the export trade of small commodities. Yiwu's small commodity exports are increasing year by year. As an export-oriented city, Yiwu's dependence on foreign trade has been maintained at a relatively high level, and it is showing an increasing trend. The total export value of Yiwu City from 2015 to 2019 has

increased to varying degrees every year. In 2015, the total export value of Yiwu City was only 210.19 billion yuan, but in 2019, the city's total import and export value has reached 296.78 billion yuan, and exports are 286.79 billion yuan. Yuan. By 2021, Yiwu's total import and export value will reach 390.31 billion yuan, an increase of 24.7% over the previous year; exports will be 365.92 billion yuan, a year-on-year increase of 21.7%; imports will be 24.39 billion yuan, a year-on-year increase of 95.3%. Yiwu's total exports in 2021 have increased significantly compared with 2019.

Yiwu's small commodities have been sold to more than 220 countries and regions in 2021, of which 75 countries have an annual export value of more than 1 billion yuan. Commodities imported from all regions of the world are sold throughout the country and radiated to other surrounding countries through the exhibition hall in Yiwu. From January to October 2021, Yiwu City has 1,356 companies with actual import performance, and their products are imported from more than 100 countries and regions in the world. Yiwu's small commodity market has attracted merchants from all over China and even the world to operate import and export trade with its unique location advantage. In addition, behind Yiwu, there is a global logistics distribution network, which is characterized by very high efficiency and very low cost. Especially after the opening of the China-Europe "Yixinou" train, Yiwu's cargo distribution has become much more convenient and efficient than before. By 2022, more than 3,770 trains have been operated, and the shipment exceeded 308,000 TEUs.

Yiwu's small commodity exports are still mainly labor-intensive products such as handmade gifts, buttons, plastic toys, umbrellas, and children's stationery. Yiwu's small commodity trading business site covers a very large area. By 2017, Yiwu had more than 5.5 million square meters of small

commodity trading venues, as well as 75,000 operating booths and 28 categories and more than 320,000 kinds of commodities. In recent years, Yiwu's small commodity trading volume has been the top of China's list, especially since 2011, the export has increased rapidly. The export of clothing, shoes and socks, handmade gifts, necklaces and earrings, buttons, plastic toys, sports equipment, umbrellas and children's stationery is also increasing every year. By 2020, plastics and their products will rank first among the main export commodities in Yiwu Small Commodity Market, with an export value of about 24 billion yuan. Among the top 12 main export commodities in Yiwu City, most products are labor-intensive. And in 2021, the total export value of labor-intensive products will still occupy the first place, with an export value of 143.07 billion yuan. It can be seen from this that the export structure of Yiwu's small commodity market has certain defects, and further reflects the lack of scientific and technological innovation in the production of Yiwu's small commodities.

3. Problems Existing in China's Foreign Trade of Small Commodities

3.1. Export Products Are in The Low-End Product Chain

The extensive export trade growth mode of the small commodity market is manifested in the low price to win, the expansion of the quantity, the lack of independent brands and so on. Yiwu's small commodities are mainly low-end manufacturing products with low added value and no other technical content. The possibility of being replaced is very high, and its industrial structure is very simple, which belongs to the bottom of the industrial chain. The main categories are household products, kitchen and bathroom products, hardware tools, toys, clothing accessories, etc. Most of the products are of low quality, which will inevitably lead to low-price competition. Therefore, the producers and operators of small commodities in Yiwu can only make profits by opening the market and increasing sales at extremely low prices. However, relying only on price advantages, blindly pursuing quantitative growth, ignoring technological innovation, and not forming competitive advantages in cost, quality and brand, Yiwu's product export efficiency is very low. There are two million small, medium and micro enterprises in Yiwu Commodity Market. Their own brand building and innovation awareness are weak, product development is still in the stage of imitation, and there is a lack of independent products with independent intellectual property rights and brand value.

3.2. Insufficient International Marketing Capabilities

Small commodity enterprises in Yiwu lack the ability of international marketing and are limited to domestic trade, unable to expand their sales network overseas. Although the Yiwu Small Commodities Market has become a key link in China's economic relations with the international community, and the world's largest small commodity wholesale market is also Yiwu, there are still many problems to be solved. Since the small commodity business in Yiwu is still in the production stage, the lack of mastery of the international pricing of products, the lack of understanding of the international market, and the lack of marketing awareness

have resulted in meager profits for small commodity enterprises in Yiwu. Although Yiwu has a wide variety of small commodities and many merchants, most of them do not have their own brands and only do OEM production. Among the small commodity enterprises in Yiwu, although represented by various advantageous industries, a number of independent brands such as "Langsha", "Xinguang", "Mona", and "Bonas" have emerged that specialize in the production of socks, but the famous brand enterprises The proportion is still very low, and there is not enough popularity in the world. International marketing is also an essential part if you want to increase your brand's international reputation.

3.3. The Export Market Is Too Concentrated and Regional Dependence Is High

Although Yiwu's small commodity exports have grown rapidly in recent years, the main exports are still concentrated in the Middle East and Southeast Asia. Due to international political and other reasons, in recent years, Yiwu's new focus has been on some countries in Africa and Oceania. But in general, the export market of Yiwu's small commodities is not more diverse than before. In this case, if some risks occur in the exporting country or region, such as military, political and other issues, it will cause great fluctuations in the Yiwu small commodity market. And, due to the high concentration of the export market, it is likely to be subject to anti-dumping measures from that country or region. Before 2011, it relied on a few developed countries in Europe and the United States, and after 2019, exports were concentrated in the Middle East and Southeast Asian countries. Yiwu's small commodity market is highly dependent on a certain region, which is bound to restrict the development of its exports.

4. Suggestions for Breaking Through the Current Predicament of Foreign Trade of Small Commodities

4.1. Strengthening the Awareness of Innovation and Increasing the Added Value of Products

There are a large number of small and medium-sized enterprises exporting small commodities in my country. They often seek fast and effective investment, but they do not have enough motivation for innovative products with large investment and slow returns. To this end, it is necessary to strengthen the innovation of enterprises in this area, and we can start from the following aspects: First, we must build an innovation system in technology and products, and take the market demand as the leading industry-university-research system. This system mainly relies on enterprise research and development and the guidance of the government is assisted. For example, the brand "Mr. Jing" launched by Baonas Socks in May 2016, the brand uses professional cotton fiber blended polyester fabric, which has long-lasting antibacterial and deodorizing properties, and uses Australian long-staple cotton, which is breathable and sweat-wicking. , quick-drying, is a high-tech product independently developed by Baonas. This product breaks through the traditional hosiery industry's pursuit of comfort only, and its appearance brings more possibilities for the development of the hosiery industry; second, the government can give some policy support to private small and medium-sized enterprises in the Yiwu small commodity market; three, it is necessary to speed up the

marketization process of technology, which requires the government to play a role, because the government can fully link universities, scientific research units and enterprises, and play a role as a link; fourth, financial innovation is required to make funds better To serve the sustainable development of the economy, in order to achieve this, the government needs to support vigorously, the government needs to increase investment, and the enterprises need to use the funds rationally, which all need the government to guide.

4.2. Strengthening Brand Awareness and Improving Marketing Capabilities

4.2.1. Establishing A Brand Image

At present, the effect of brand building of enterprises in Yiwu is relatively significant, and a number of leading enterprises in various advantageous industries have been born, such as a number of well-known socks brands such as Baonas, Langsha and Mengna. However, the well-known degree of these brands is limited to domestic, the international popularity is still low, and the proportion of these famous brand enterprises is still very small. Therefore, enterprises in Yiwu need to upgrade and adjust their brand strategies from the following aspects: they can no longer use old methods such as price wars when expanding the market, and they must improve brand awareness in business operations. If an enterprise wants to survive and develop for a long time, compared with price war, brand strategy is the fundamental, which is what every enterprise should realize. From a certain point of view, the brand image represents the image of an enterprise. Only when the brand image is correctly established can the influence of the brand drive the growth of sales. It is also necessary to improve the quality of the product as a whole, including aspects such as design. For powerful companies, applying for their own brand is a good way. To build their own brand, they need to pay attention to and cultivate high-quality talents, and they need to innovate in business management. At the same time, the work of technology research and development is also can't fall.

4.2.2. Making Full Use of The Fan Economy

As an emerging marketing method, the fan economy can quickly attract potential customers. Small commodity merchants can promote on social platforms such as Facebook and Youtube. The advantage of doing so is that the communication between fans and companies can make the relationship between the two parties better. Fans trust companies and will naturally consume and buy. In China's small commodity export market, accessories, toys, and clothing also account for a large proportion, and these products are also more suitable for promotion on social platforms. In terms of publicity methods, it is most suitable to choose bloggers with a high number of fans. Use the blogger's own experience of the product to drive the purchase of fans, thereby bringing more potential consumers to small commodity merchants. China's small commodities have the advantages of low prices and a wide range of varieties. Small commodity merchants can also promote products in the form of promotions with bloggers. At the same time, they can also choose to draw lucky audiences to send gifts. If the characteristics of the products are more prominent, then there will definitely be someone to share their experience. In this way, the rapid delivery of product information can be achieved, thereby further improving brand awareness.

4.3. Strengthening Foreign Cooperation and Exploring Different International Markets

China's small commodity enterprises should actively expand the international market and vigorously practice the development strategy of diversification of export markets. Small commodity exporters should actively take advantage of the opening of the "Belt and Road" and "Yi-Xin-Ou train". In March 2022, the first Qatar Airways Consolidation Center project in central Zhejiang was officially put into operation, successfully opening up the "fourth channel" of international logistics for Yiwu to integrate into the "Belt and Road" construction. In addition, my country has acceded to the "Convention on International Road Transport". In principle, the international trucks that have been registered will not be inspected or unpacked by the customs of the transit country from the country of origin to the country of destination, thus effectively ensuring the time efficiency and logistics reliability of cross-border and transcontinental transportation. There are currently 73 contracting states, most of which are located in important areas along the Silk Road Economic Belt, and currently have direct access to 27 Eurasian countries. The completion of the "Fourth Channel" has opened a "new door" for many small commodity enterprises in Yiwu. As of 2022, the "Yi-Xin-Europe" route has opened 17 routes in more than 160 cities in more than 50 countries in Europe and Asia, and has achieved "Pacific, Atlantic, Baltic, Yiwu, Southeast Asia" connections in Asia and Europe. The successful construction of the "One Belt, One Road" and "Yi-Xin-Europe" trains has created convenient conditions for the Yiwu small commodity market to further develop different international markets.

In addition, EU member states account for a very small proportion of China's small commodity imports. Therefore, the EU can be one of the main export markets in the future, with great market potential. However, if the Chinese small commodity market wants to expand the EU market, it must do a good job in product technology and innovation. Small commodity enterprises can actively cooperate with EU importers. Through in-depth cooperation, they can increase the total export volume of small commodities to the EU, expand exports to the EU, and further develop different international markets, thereby reducing regional dependence.

5. Conclusion

At present, there are many problems in China's small commodity exports. To achieve sustainable development, reforms must be carried out. The government should formulate relevant strategies to enhance the awareness of independent innovation of enterprises. Enterprises should also establish brand awareness in their operations. At the same time, they can also imitate and learn from foreign countries. technology, enhance the technical value of the product, master the core technology, enhance the added value of the brand, and use various forms to improve the international market awareness, such as promoting cooperation with popular bloggers on foreign social platforms, through this method to open up international awareness, rational use Fan economy brings benefits. In addition, the small commodity market still has a high degree of regional dependence, and its export markets are currently dominated by the Middle East and Southeast Asia. In the future development, we must firmly grasp the opportunities of the "Belt and Road" and the opening of China-Europe freight trains, cooperate with more countries and regions, avoid excessive concentration of

export products, increase commodity exports, and strive to use the EU as the main export market in the future. Enterprises should pay more attention to e-commerce platforms, enter more international e-commerce platforms, and seize development opportunities.

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