

The transformation and upgrading path analysis and countermeasure research of traditional foreign trade enterprises

Yu Sun

Shandong Vocational College of Science and Technology, Weifang City, Shandong Province 261053

Abstract: Under the new normal situation, our country's foreign trade begins to enter the new transformation period. Traditional foreign trade enterprises are facing the great transition and upgrade pressure. Under the domestic great circulation main body and the domestic and international double circulation system, the traditional foreign trade enterprises must explore a new development path, then seek a new development path through industrial transformation or technological upgrading methods, in order to obtain better development opportunities. This paper analyzes the difficulties faced by traditional foreign trade enterprises, puts forward the development opportunities of traditional foreign trade enterprises under the background of the new era, and then summarizes the strategy and path of transformation and upgrading of traditional foreign trade enterprises.

Key words: traditional foreign trade enterprises; Transformation and upgrading; Dilemma; Chance; countermeasure

In recent years, under the influence of trade protectionism and anti-globalization development, China's foreign trade enterprises have encountered a big development dilemma, making China's traditional foreign trade enterprises in the global industrial chain and supply chain can not have the necessary living space. In this regard, the state has put forward an economic strategy of domestic and international double-cycle development, and traditional foreign trade enterprises must carry out transformation and upgrading, and gradually adapt to the new foreign trade environment, and obtain a suitable development space.

1. The difficulties faced by the development of traditional foreign trade enterprises

1.1 The slowdown in the economic pace has had a major impact on export markets

Under the background of the changing international trade situation, China's foreign trade has been greatly affected. Firstly, due to the increase of unilateral trade barriers in the international community, the export difficulty of China's foreign trade enterprises has increased significantly; Secondly, under the wave of foreign trade boycott, China's export tax rebate rate began to decline, and the international pressure on foreign trade enterprises increased sharply. As a result, China's foreign trade economic situation presents an economic slowdown. At the same time, the global economy is also in the stage of slowing down the pace, the economic situation of a large number of countries is poor, the daily consumption demand of residents is compressed, which makes its order demand significantly reduced, making the traditional foreign trade enterprises lose a large number of customers. Since March 2020, a large number of export orders have been directly canceled or applied for delayed delivery, and even some goods orders issued in accordance with the original plan and contract provisions have been unilaterally terminated by customers after the delivery of goods arrived at the location, resulting in a large number of unsalable goods. While traditional foreign trade enterprises in goods hoarding, arrears difficult to recover, loan pressure and other factors, its own working capital shortage, resulting in greater economic losses. Under such circumstances, some production-oriented foreign trade enterprises are even on the verge of bankruptcy and cannot continue to operate and develop.

1.2 Traditional foreign trade enterprises have single financing channels and business contents

China has a large number of small and medium-sized traditional foreign trade enterprises, their financing channels and business contents are simple, so the ability to resist risks is low. On the one hand, when the foreign trade is blocked, a large number of small and medium-sized foreign trade enterprises have a vacancy in the working capital, which makes their survival and development ability questioned. In this case, obtaining new financing is an important channel to help enterprises overcome difficulties. However, due to its single financing channel, once faced with huge financial pressure, enterprises will lose their core competitiveness, and corresponding banks and other institutions can not pass the loan rating, which makes them only apply for bankruptcy or freeze their funds. On the other hand, the business content of small and medium-sized foreign trade enterprises is too simple, and even a large number of enterprises only export one kind of commodity, when the commodity is hindered by trade barriers or eliminated by the market, it will directly lead to a large number of goods can not be sold, and further break their working capital, and then fall into business difficulties.

1.3 The e-commerce platform has changed the price system of the traditional foreign trade industry

At this stage, China's e-commerce industry has obtained unprecedented development opportunities, and then promoted the development of cross-border e-commerce, which has caused a certain impact on the traditional foreign trade industry. Foreign e-commerce has a wide range of sales channels, so with the support of many foreign trade platforms, it can not only reduce transportation and maintenance costs, but also further reduce prices, and in the open and transparent price comparison environment of the Internet to obtain a greater market share, so a large number of foreign people began to use online shopping channels to buy our products. This makes the foreign trade activities, products in the production, sales, and after-sales service and other links in the process of continuous simplification, not only improve the consumer experience, but also reduce the cost level. The traditional foreign trade enterprises have higher costs such as transportation and warehousing, and gradually lose their advantages in terms of price, and then their sales channels are gradually occupied, and they can not get a better sales space.

2. The development opportunities of traditional foreign trade enterprises in the new era

2.1 The domestic market has great potential

Although foreign trade enterprises are facing great pressure in all aspects, the domestic market potential is still huge. China's large population is a very considerable potential consumer market. With the promotion and development of supply-side structural reform, expanding domestic demand is an important goal of China's current economic construction and development. Therefore, the traditional foreign trade enterprises will part of the production capacity of the domestic market, there is also a certain space for development, on the one hand, it has accumulated a lot of production experience in foreign trade business activities, its product quality has a high guarantee, it is easier to get a good reputation and market competitiveness. On the other hand, it is necessary for traditional foreign trade enterprises to optimize and improve products according to the needs of domestic users, which can meet the use needs and habits of domestic people, and then allow foreign trade enterprises to gain a new life.

2.2 Application of digital media technology

With the application and support of digital media technologies such as artificial intelligence, big data, Internet of Things, and e-commerce platforms, cross-border e-commerce has become one of the important channels for the transformation and development of traditional foreign trade enterprises. Cross-border e-commerce platforms not only improve the experience of consumers, but also can further reduce costs and broaden marketing channels, thus providing important transformation support for traditional foreign trade enterprises. On the one hand, in addition to the conventional cross-border e-commerce platform, the online live delivery industry has also brought important support for the development of the e-commerce industry, not only to meet the diversified needs of consumers, but also to better stimulate consumption power, which can be used in cross-border e-commerce, in order to further improve the understanding of foreign users on the product. At the same time, with the support of big data, the rapid development of the digital economy, and the distance between the seller and the consumer is further narrowed, the e-commerce platform can not only better access to the product needs and personalized needs of foreign users, but also with the help of international logistics for goods transport, in order to improve the market vitality. On the other hand, at present, the world is changing to a new consumption model, traditional foreign trade enterprises must follow people's habits change and adjust the industrial model, in order to obtain the conditions and environment for sustainable development.

2.3 RCEP has broadened the foreign trade market

Since the signing of the Regional Comprehensive Economic Partnership (RCEP), China has established economic exchange agreements with Japan, the ROK, Australia, New Zealand and ten ASEAN countries, thus forming the most populous, largest and most promising free trade area, thus creating favorable conditions and markets for the development of China's foreign trade. For the traditional foreign trade enterprises, they need to rely on the RECP economic circle to develop new foreign trade routes and channels, in order to seize the new foreign trade hot spots. Specifically, the signing of RCEP has two advantages for China's traditional foreign trade enterprises. First, it can expand the development space of traditional foreign trade enterprises. As the world's largest trading country in goods, the agreement has created conditions and guarantees for China's trade with foreign countries, greatly expanded the overseas market, and provided more opportunities for traditional foreign trade enterprises to "go global". Second, it can promote China's domestic circular development. Traditional foreign trade enterprises should not only take the foreign market as the development direction, but also tap the potential of the domestic market. With the signing of the agreement, the domestic market will continue to activate and enhance liquidity, which can create conditions for traditional foreign trade enterprises to obtain the domestic market.

3. The transformation and upgrading strategy and path of traditional foreign trade enterprises

3.1 Innovate operation models and build new forms of foreign trade

Under the deep influence of the external environment and the updating and application environment of science and technology, traditional foreign trade enterprises must adjust and innovate their own operation mode, so as to establish a new foreign trade business system. With the support of front-end technologies such as artificial intelligence and big data, traditional foreign trade enterprises should also explore the digital foreign trade platform supported by the Internet, and replace traditional marketing channels through online transactions, which can not only effectively save labor costs, storage costs and transportation costs, but also rapidly expand sales channels and increase transaction volume. At the same time, foreign trade enterprises should also further broaden the marketing model, in addition to maintaining large international order services, but also actively expand the small and medium-sized customer groups, especially can be targeted in the "One Belt and One Road" along the countries, in order to open up new markets, and gradually enrich the foreign trade channels and forms of enterprises, to avoid should be too simple and bear too much risk. In addition, foreign trade enterprises should also actively develop the domestic marketing market, identify their own product positioning and advantages, and then use the domestic developed e-commerce platform and logistics platform to carry out domestic sales strategy, through the coordination of domestic sales network and foreign marketing channels, so that foreign trade enterprises to obtain a variety of development ways, with diversified income channels.

3.2 Strengthen policy support and promote the double cycle at home and abroad

National policy support is an important way for traditional foreign trade enterprises to obtain new development opportunities. Under the domestic and international double circular economic system, foreign trade enterprises must conform to the trend of The Times and change their business forms and marketing models according to the new economic development pattern. At present, some foreign trade enterprises have begun to shift their marketing targets to the domestic market, but the country in the process of encouraging the expansion of domestic

demand, and did not give up overseas markets, but through the “Belt and Road” “RCEP” and other new foreign markets, so foreign trade enterprises should adjust the domestic marketing channels at the same time, but also to develop new channels abroad. In order to adapt to the national economic development trend through the dual market exploration. At the same time, foreign trade enterprises also need to make full use of the current fiscal and taxation system and financial policies proposed by the state. For example, the current state encourages financial institutions to increase the credit support and insurance support for foreign trade enterprises, providing the necessary financial support for enterprises with development difficulties, and has also introduced the introduction of export tax rebate policies and social security relief policies, foreign trade enterprises need to adjust their own development mode according to the policy guidance, and fully seek the development path with the help of national power. In addition, China Export and Credit Insurance Corporation has also provided important support for foreign trade enterprises, such as improving the contracting model and providing risk guarantees for foreign trade enterprises to open up both domestic and international markets. Only by grasping the above policy dividends and continuously strengthening their own solid skills can foreign trade enterprises truly realize transformation and upgrading and obtain sustainable development prospects.

3.3 Expand foreign trade channels and promote the chain development of foreign trade industry

Traditional foreign trade enterprises often have problems such as single market mode and single trade product, which makes them more susceptible to the restriction of sales channels. Therefore, the transformation and upgrading of foreign trade enterprises must be based on the premise of expanding channels and product models, and give full play to the functional advantages brought by scientific and technological changes. First of all, foreign trade enterprises should actively promote new channels such as online exhibitions, online marketing and live streaming of goods, and thus open up online export markets. Secondly, in the domestic market development, it is necessary to focus on enhancing network marketing efforts, and create sales methods in line with their own development routes with the help of e-commerce digital platforms. For example, small and medium-sized foreign trade enterprises can promote online retail channels, while large foreign trade enterprises can establish online wholesale platforms, so as to participate in the supply chain, product sales, business docking and other links. In the development of foreign markets, it is necessary to carry out market research and analysis activities to understand the shopping needs, customs and cultural characteristics of each country, and then differentiated product design for different regions. At the same time, we can also establish cooperation with foreign Internet companies, and promote products with the help of well-known foreign network platforms or sales platforms. In addition, traditional foreign trade enterprises should actively broaden their own product content, gradually enrich their product types, and form a chain relationship between products, establish a binding marketing model, in order to achieve one-stop service, to provide more comprehensive product support for users at home and abroad.

4. Conclusion

To sum up, China’s traditional foreign trade enterprises are currently facing a complex and changeable foreign trade economic environment, thus increasing operational pressure and blocking sales channels. However, with the continuous development of Internet technology, e-commerce platform and logistics channels, the construction of domestic and international double circular economic system and the support of relevant policies, foreign trade enterprises can expand domestic and international markets through intelligent and digital transformation, and then create a “new form of foreign trade”, thus achieving transformation and upgrading goals, and have the ability of sustainable development.

Reference literature:

- [1] Chaofa Zhou. Strategies for transformation and upgrading of traditional foreign trade enterprises [J]. Investment and Cooperation,2021(09):103-104. (in Chinese)
- [2] Yi Zu. Research on strategies of traditional foreign trade Enterprises’ transformation into cross-border e-commerce [J]. Business Economics,2021(04):73-74. (in Chinese)
- [3] Xing Jiang,Yueshi Chi. Research on the problems and Strategies of Traditional Foreign Trade Enterprises’ transformation and upgrading of “New Foreign Trade” [J]. Journal of Shanxi Economic Management Institute,2019,27(03):40-44.
- [4] Wenhui Zhang,Haiyan Wang. [J]. Journal of Beijing Vocational College of Finance and Trade,2018,34(06):33-37.