

Countermeasures of E-Commerce Development of Yiwu Jewelry Industry in Zhejiang Province

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Abstract

Yiwu is known to lead the world in e-commerce, where the phrase “to do e-commerce, you must come to Yiwu” has gained tremendous popularity. Yiwu is the largest distribution center for small goods in the world, and the jewelry industry dominates the market there as well as serving as a market barometer. Given the extraordinary changes the world is going through right now, including the effects of the epidemics, Yiwu’s jewelry industry is facing numerous issues, especially with prominent structural issues. Due to the pressure, an increasing number of traditional retail businesses as well as export-oriented enterprises have upgraded and transformed their business using e-commerce in an effort to keep growing. The jewelry industry of Yiwu experienced both tremendous growth and uncertain challenges. In this paper, development of the live streaming, construction of e-commerce industrial park, competitiveness of selected products, and branding ability of jewelry industry for e-commerce enterprises in Yiwu were examined. countermeasures for the development of Yiwu jewelry e-commerce were suggested, optimization for marketing strategy was recommended, to provide reference for other small- and medium-sized jewelry enterprises to gain transformation using e-commerce.

Keywords: Jewelry Industry; E-Commerce; Industrial Clustering; Marketing Strategy.

1. Introduction

Entrepreneurs frequently use the adage “to do e-commerce, you must come to Yiwu,” since Yiwu is known to lead the world in e-commerce. Yiwu is the largest distribution center for small goods in the world, and the jewelry industry dominates the market there as well as serving as a market barometer. Overall, Yiwu’s well-known jewelry industry is continually growing, although it is still in the early stage of the industrial cluster development. In addition to the effects of the epidemic and the unprecedented global change, Yiwu’s jewelry industry is currently facing a number of challenges, including lack of orders, customer churn, declining profits, scale contraction. Therefore, an increasing number of traditional retail businesses and international trade companies wanted to transform and upgrade with e-commerce, to find new ways to thrive.

The jewelry industry is one of the businesses supporting the substantial economy of Yiwu. Researches on the spatial clustering of Yiwu firms has been frequently conducted by domestic academics. To benefit from the economies of scale brought by industrial clusters, the city's development should create a localized economy, progressively building a whole industrial chain [1]. The essence of the e-commerce clustering represented by "Taobao villages" and "e-commerce industrial parks" in recent years is industrialization of e-commerce. Taking Yiwu as an example, the development history of e-commerce agglomeration was analyzed, the causes of e-commerce agglomeration were explored, three conclusions were drawn: firstly, the expansion of e-commerce market scale is the root and foundation of agglomeration; secondly, the "block industry" is an effective carrier during the development process of the e-commerce; thirdly, the synergy effect promotes the agglomeration and efficient allocation of production factors. Spatial agglomeration was found in jewelry industry of Yiwu, in both retail and wholesale industries [2]. The traits of cluster trade for jewelry industry in Yiwu including diversification of trade patterns and the necessity for transformation and upgrading of the jewelry industry.

The jewelry industry in Yiwu also experienced four barriers as follows: the first is weak assurance for quality and safety; the second is weak recognition for branding and a high rate of product similarity in the market; the third is an uneven distribution of enterprises and a low level of management performance; and the fourth is the limited export volume impacted by the financial crisis [3]. Four factors such as technical distribution, price transparency, mutual imitation, and credit are unfavorable to the development of e-commerce in the Yiwu jewelry industry. The logistics and distribution dilemma should be solved; the network payment platform should be adopted to increase efficiency; customer loyalty should be improved; network marketing can be used to enhance the reputation of the companies [4].

The jewelry industry confronted with increasing external risks and obstacles, due to the epidemic's impact on the general overseas trade environment. Three modes were recommended for companies tend to use e-commerce platforms for upgrading, construction of an integrated e-commerce platform, construction of a website with specialty or brand, conducting online marketing with e-commerce. However, using e-commerce platforms in marketing of the jewelry industry is a double-edged sword. E-commerce has significantly affected the supply chain and marketing strategies of the jewelry industry. The innovation ability of the jewelry industry was improved, which can assist in addressing the issue of high inventory rates and cutting costs. On the other hand, customers being unable to view the real products, considerable high rate of homogenization within the industry, transparent in the price, and credit crises are all negative effects. The leader brand in the domestic jewelry market, Zhou Dafu Jewelry were examined by four aspects of the macroenvironment, industry competition environment, consumer market environment, as well as the enterprise's resources and capabilities. Finally, four aspects including product strategy, price strategy, KOL promotion strategy, and social media strategy were suggested for improvement [5].

The growth of the e-commerce market will have an impact on the jewelry retail industry, but if companies actively innovate their business models, more brilliant results will be created based on e-commerce. After Baolai Jewellery (HK) adopting B2B e-commerce to link with customers and suppliers, significant changes were observed, including reduced communication costs, shortened product delivery time, improved customer service, and enhanced supplier integration [6].

2. Analysis on E-Commerce Environment of Jewelry Industry in Yiwu

The jewelry industry began to emerge in Yiwu in the early 1980s. In 1982, Yiwu purchased jewelry from Hong Kong and elsewhere and engaged in a wholesale business. In the course of business, the small

commodity market grew rapidly due to low costs and high profits. By 1992, there were hundreds of merchants operating in the Yiwu market. To facilitate business and management, the market was set up with a special commercial area.

2.1. Analysis on the Microenvironment

2.1.1. Policy

Political variables typically comprise a wide range of elements, including governmental laws, corporate policies, trade restrictions, and tariffs. As the overall society develops, the government will become more progressive, with the policies more liberal and humane, which are more and more conducive to the growth of business and industry.

In its 30 years of reform and opening up phase, Yiwu has adopted the general policy of “promoting business and building the city” to encourage the coordinated development among the industries, regions, economy, culture, and various public welfare. Yiwu is the first large-scale comprehensive reform pilot zone at the provincial level in Zhejiang Province. Encourage companies to innovate autonomously, combining with the market regulation and government direction, a new model was created to support the harmonious growth of the economy [7].

2.1.2. Economy

The category of economic factors covers a wide range, including national income, inflation, interest rates, and exchange rates. As shown in Fig. 1, per capita disposable income has increased significantly along with national consumption levels. China’s jewelry market still has a big and strong potential for future growth with continued urbanization and exploration of consumption potential.

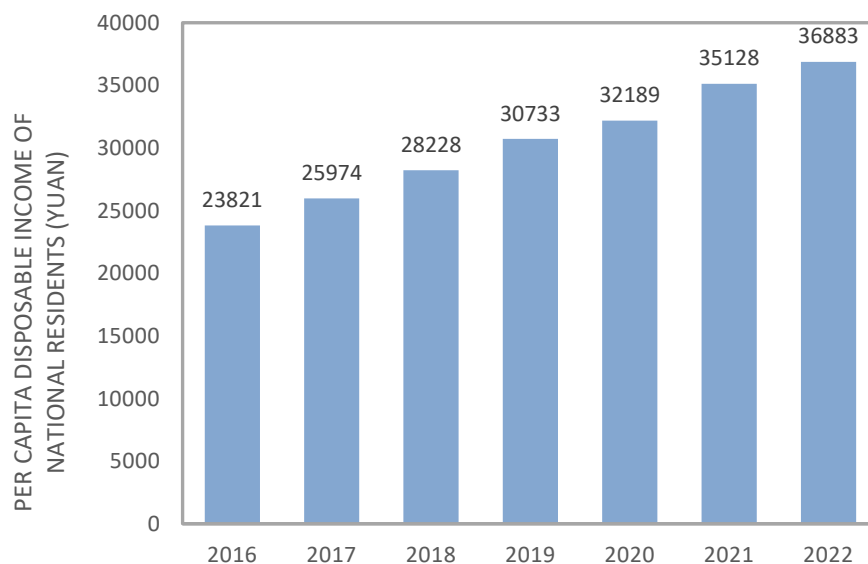


Fig. 1 National per capita disposable income in 2016-2022

Macroeconomically speaking, Yiwu is China’s largest small commodity trading hub and a key gateway for international commerce and economic cooperation. Yiwu is actively looking for a new way of developing mode, to achieve growth in foreign trade, employment driven, and making progress in the development of local small and medium-sized enterprises, thus making a significant contribution to China’s

economic development [8]. Through reform and development, Yiwu has stepped into a new environment of global economic cooperation and rivalry. The jewelry business in China is concentrated in three key areas: Yiwu, Guangdong, and Qingdao. Yiwu accounts for more than 60% of the domestic market share, and almost 50% of the international market share.

2.1.3. Technology

Before being shaped into a lovely shape, jewelry is processed through multiple stages and is expertly crafted. From design and sketching through the manufacturing of the finished item in the warehouse, a fine piece of reasonably priced jewelry must pass through at least 16 procedures. Processes used in jewelry making include baking, painting, inlay, and gold or silver plating. Though the industrial technology has relatively developed, the majority of the work in the jewelry industry is still done by hand. 50% to 70% of the entire jewelry-making process were handmade. Many companies in the Yiwu jewelry industry lack innovation, are more rigid in their product designs and unwilling to change. This is contrary to the concept of fashion and personalization followed by the majority of consumer groups nowadays [10].

Development of the society relies on the advancement of science and technology. E-commerce has two obvious advantages. First, it digitalizes the conventional commercial process. On the one hand, labor, material resources, and expenses are significantly reduced when using electronic flow instead of physical logistics. On the other hand, e-commerce eliminates the constraints of time and space, allowing for the proceeding of business anytime and anywhere, which considerably increase the productivity. Additionally, the jewelry sector has benefited greatly from the openness and globalization of e-commerce. The marketing strategies of jewelry industry have significantly expanded in recent years because of the safety and convenience of online purchasing as well as the expansion of online sales channels.

2.1.4. Social

The popularity of accessories is largely influenced by factors at the social level. On one hand, as individuals continue to pursue greater standards of quality, fashion, and personality, jewelry has emerged as a way of expressing personality and taste enhancement. On the other hand, contemporary social media is widely publicized through TV, networks, magazines, and other media, continually pushing numerous jewelry brands, styles, and ways to match them, creating a particular fashion trend and consumption concept. People are more readily exposed to the fashion components of diverse areas and cultures because of the trend toward globalization and cultural diversity, which causes the diversity and globalization of the jewelry market to be continuously expanded and strengthened [11]. As modern culture places an emphasis on personalization, differentiation, and lifestyle freedom, accessories are increasingly becoming a choice for those who want to express themselves and explore uniqueness. Since there are more than 600 million women in China, it is really a huge market for jewelry.

2.2. Analysis on the Competitive Environment of Jewelry Industry

2.2.1. Domestic Development Status

The jewelry market in China has grown quickly in recent years, and industry competition has gotten fiercer. Guangzhou, Yiwu, and Qingdao make up a situation of tripartite confrontation among the domestic jewelry industry, with Guangzhou ranking first and Yiwu the second place. The jewelry business in Guangzhou was established in the 1970s. Guangzhou is the first city for jewelry production and sales in China. According to the statistics, Guangdong has around 5,000 companies engaged in jewelry

manufacturing and marketing. More than 3,000 jewelry-related companies can be found in Qingdao. Jewelry manufacture and product design are significantly affected by Korean, and sales are dominated by exporting. The importance and competitiveness of the jewelry industry in Qingdao have decreased recently because of the fall of international markets and erratic Sino-Korean relations.

2.2.2. E-Commerce Development of Jewelry Industry in Yiwu

Yiwu is known as the “world supermarket” and “the world’s largest source of small commodities.” The jewelry industry in Yiwu has three advantages, “a variety of styles”, “fast updating” and “cheap”. The jewelry accessories industry is dominated in Yiwu market, and also the pillar industry for the economic development in Yiwu. Since its inception in the 1980s, Yiwu’s jewelry industry has grown into a complex industrial chain combining supply, sales and logistics, making it the largest center for creation, manufacturing, and retailing of fashion jewelry nationwide. Approximately 150,000 people are employed, more than 8,000 companies engaged in manufacturing, decoration, and sales, including more than 3,000 manufacturing factories. The annual production volume reached 800,000 pieces and an output value of 20 billion yuan was gained. The products were primarily bracelets, necklaces, pendants.

In recent years, the Yiwu jewelry industry has shown a steady improvement in product quality, style, color, and raw materials and has surpassed Guangzhou in terms of market share. Yiwu Jewelry accounts for 2/3 of the domestic market share, and is the first choice for foreigners to buy popular jewelry in China.

Meanwhile, the business volume of express in Jinhua (Yiwu) city hit 11.8 billion pieces, which overtakes Guangzhou and Shenzhen, ranks first nationwide. This is the outcome from the joint support of the logistics and digital industries. In contrast to 2012, the express volume of Jinhua was only 170 million pieces. The total volume of express business has surpassed 11.8 billion pieces by 2022. As shown in Table 1, the express business volume has increased by about 70 times in the past decade.

Table. 1 Express business volume in Jinhua (Yiwu) in 2012-2022

Year	Express business volume (100 million pieces)
2012	1.7
2013	3.5
2014	6.1
2015	9.7
2016	16.9
2017	25.5
2018	36.6
2019	59.2
2020	90.1
2021	116.4
2022	118

(1) Live streaming of e-commerce

Consumers’ expectations for online purchasing experiences are growing day by day as a result of the full competition among the e-commerce industry. Many e-commerce sellers have tried to implement new

online sales modes to keep up with diverse requirement of consumers. Live streaming of e-commerce is quickly replacing other marketing strategies as the dominated mode.

The “live streaming e-commerce” of Yiwu boomed in late 2019. From accessories to bags and caps, from general merchandise to hardware and electrical parts, everything can be live streamed. A total of 240,000 times live streaming were conducted in Yiwu in 2021, resulting in retail sales of 32.493 billion yuan, with a year-on-year growth up to 56.2 %. In the first quarter of 2022, 105,000 times of live streaming were carried out, with retail sales of 8.714 billion yuan, and the year-on-year growth reached 26.0%. 22 live streaming bases have been built, with an area of more than 300,000 square meters. More than 2.1 million kinds of goods in Yiwu International Trade City were live streamed to reach global consumers.

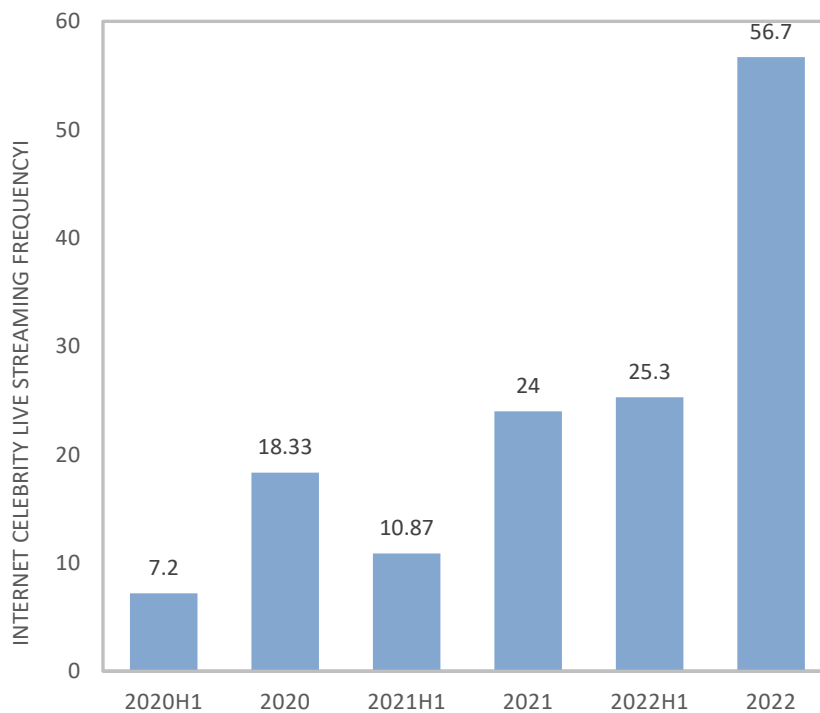


Fig. 2 Internet celebrity live streaming frequency of jewelry in Yiwu, 2020-2022 (2020H1: January to June in 2020; 2021H1: January to June in 2021; 2022H1: January to June in 2022)

In recent years, multiple policies were introduced to support the development of e-commerce industry of live streaming. The government actively negotiated strategic cooperation with Taobao Live, Kwai (Kuaishou), and Tik Tok platforms. Four live streaming bases of Kwai have been constructed, involving apparel, jewelry, beauty, and other industries. The base of jewelry industrial belt has more than 500 companies, 1,000 livestream sellers, and more than 70 million fans, resulting in monthly sales of 200 million yuan. In Yiwu, there are currently more than 80,000 people involved in live streaming industry, including more than 70 different types of service providers for live stream and more than 3,000 internet celebrity working for live streaming.

Meilianhui Live Base stands out as a typical example of live streaming for jewelry e-commerce. It is one of the 26 live bases in Zhejiang Province on the “2021 annual list of provincial live e-commerce bases”. Meilianhui live base located in an e-commerce industrial park. Video platforms, MCN, original design

studios, and other institutions were set up in the park, providing services of display, live training incubation, and operation assistance.

(2) Construction of industrial parks

Popular jewelry was the primary developing part in Yiwu, which accounts for 70% of the total output in China, and 20–30% of the global exports. Yiwu is a significant market for China's jewelry manufacturing and trade due to its rapid expansion. Although Yiwu is a city small in area level, it is the first choice for customers want to purchase accessories worldwide. The most important reason for clustering effect was the close proximity of companies manufacturing related accessories.

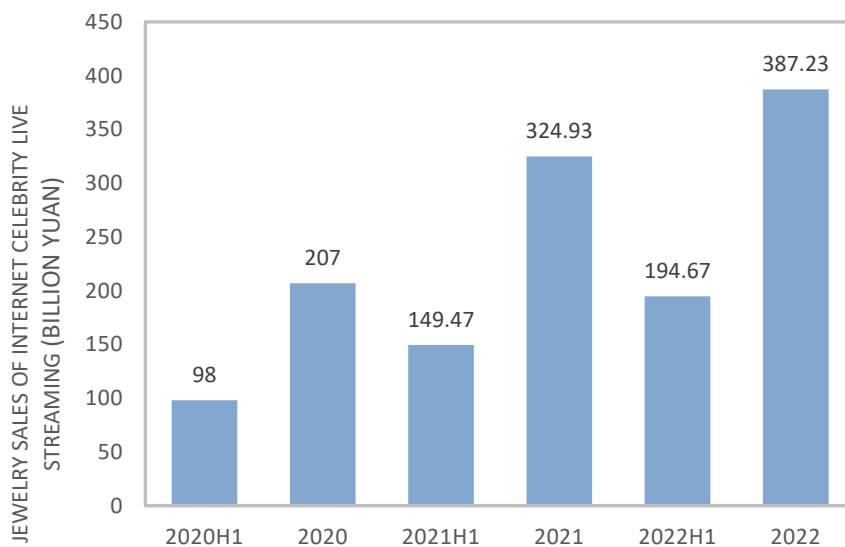


Fig. 3 Jewelry Sales of Internet celebrity live streaming in Yiwu, 2020-2022 (2020H1: January to June in 2020; 2021H1: January to June in 2021; 2022H1: January to June in 2022)

As the majority of Yiwu's online sales are contributed by jewelry. Measuring the spatial agglomeration effect of e-commerce transactions in Yiwu as a whole, can reflect the industrial agglomeration degree of Yiwu jewelry e-commerce industry to some extent. Location Entropy (LQ_{ij}) was applied to measure the degree of spatial aggregation of jewelry companies in Yiwu. According to P. Hargate's proposal, locational entropy can be used to gauge the level of industrial specialization. The calculation formula is listed as follows

$$LQ_{ij} = \frac{E_{ij}/E_j}{E_i/E}$$

Where E_{ij} is the industrial output value, employment numbers, or other relevant indicators of industry i in city j , and LQ_{ij} is the locational entropy of sector i in city j , E_j is the output value, employment number, or other related indicators of all industries in city j ; E_i is the total output value, employment numbers or other related indicators of industry i at the national level; E is the total output value, employment numbers, or other related indicators of all industries at the national level. When $LQ_{ji} > 1$, it is noted that the agglomeration trend of industry i in region j is stronger and higher than the average level of the nation or region; conversely, if $LQ_{ji} < 1$, it is noted that the agglomeration advantage is not obvious.

The anticipated LQ value for 2015–2021 is greater than 1, demonstrating that Yiwu has a high level of e-commerce agglomeration and that its industrial specialization is higher than the average of national level, thus demonstrating an agglomeration effect [12].

Table. 2 E-commerce data of Yiwu in 2015-2021

Year	GDP (billion yuan)	turnovers of e-commerce (billion yuan)
2015	104.6	151.1
2016	111.81	177.0
2017	115.52	202.87
2018	124.81	236.83
2019	142.11	276.89
2020	148.56	312.49
2021	173.02	371.51

Table. 3 National e-commerce data in 2015-2021

Year	GDP (billion yuan)	National e-commerce transaction volume (billion yuan)
2015	67670	21790
2016	74410	26100
2017	82710	29160
2018	90030	31630
2019	99080	34810
2020	10160	37200
2021	11437	42300

Table. 4 Location Entropy index of e-commerce in Yiwu, 2015-2021

Year	LQ
2015	4.49
2016	4.51
2017	4.98
2018	5.40
2019	5.55
2020	5.74
2021	5.81

Yiwu strongly encourages the growth of e-commerce clusters; 169 professional e-commerce villages have been established, which account for 9% in Zhejiang Province. The Xinguang Group, one of leading companies of the jewelry sector in Yiwu, was the first in the nation to build the vertical platforms of Industrial Innovation Complex. The Jushiyun industrial park is a notable example with function of design, research and development, manufacturing, entrepreneur community, and intelligent network warehouse. 30 jewelry companies have come to stay in the industrial park and support the employment of 65,000 people both online and offline. As a pilot for industrial transformation and upgrading, the park will work to create

a national first-class demonstration park and follow a new growth path of industrial transformation and upgrading.

(3) Competitiveness of selected products

Cross-border e-commerce relies on good selection for success, which accounts for 70% to win the competition. As the world's largest distribution center for small commodities, "Yiwu Speed" has been praised all over the world. Merchants of jewelry in Yiwu are always sensitive to predict the best-seller products. Yiwu Wangye jewelry factory is typical case for successful product selection.

On July 27, 2021, Chinese shooter and Olympic champion Yang Qian wore " Hair Rope with Little Yellow Duck " to receive the award. Data from Taobao showed that from July 24 to July 30, the search volume of "Little yellow duck hair clip" and "carrot hair belt" rose by 4237.37% and 2115.67%, respectively. Yiwu Wangye Jewelry Factory took the initiative to re-edit the product portfolio in the 1688 store, specifically promote a combination of Little yellow duck hair clips and carrot hair rope packages. The shipping of the products in stock and manufacturing were conducted simultaneously. The day after Yang Qian won the championship, the consumer had received the same small yellow duck hair clip. The use of big data to analyze current popular factors and trends, to create a potential best-seller product, is the key to improving the competitiveness of the products.

(4) Brand construction

Brand competitiveness represents a company's ability to expand its market and continue to develop. Products on sales are frequently similar, but brands are distinctive, so brand construction should be emphasized by e-commerce companies. The jewelry e-commerce sector in Yiwu is in initial stage of branding, does not so well in scale, international brand influence, and added-value of brand [13].

Xinguang Jewelry in Yiwu pay special focus on brand development. On the one hand, the jewelry enterprise continually introduces cutting-edge production tools and the most advance manufacturing techniques into the factory. Then utilize premium raw materials and aim to build an excellent brand to gain the market's recognition and trust. The company develops more than 100 new products daily and has been granted 427 national authorized patents. It has a number of brands, such as Xinguang, Xibao, EVE, SU, and Neoglory, with more than 200,000 varieties in more than 20 categories in five series, such as alloy, claw chain, and copper gold. On the other hand, brand publicity is also a major key to brand construction. Xinguang jewelry has also achieved good results through online microblog activities and sponsorship of related activities to raise awareness. Finally, Neoglory has also taken advantage of the new trend of live streaming to enhance the awareness of the Neoglory brand by participating in the Tik Tok platform.

However, the input of Neoglory in brand publicity is not as enough as CHJ (Guangdong Jewelry). A comparative analysis of the brand publicity of CHJ and Neoglory (Xinguang Jewelry) was listed as follows. According to the Fig.4, in March 2023, Neoglory was in 7th place on the list of popular brands of accessories, while its competitor CHJ was in 3rd place.

On the one hand, Xinguang Jewelry has not invested enough in live streaming. The data of live streaming sessions for the two jewelry companies from October 2022 to March 2023 is shown in Fig 4. The frequency of live streaming sessions for the Neoglory brand was much lower than that of CHJ's. The Neoglory brand had sales of 50–75 million yuan in March, with sales of 100–250,000 units. From Fig 5, it is noted that Neoglory accessories are mainly contributed by store live streaming, with the highest proportion of 77.23%, and with sales of 25–50 million yuan. However, brand live streaming accounting for the highest percentage of 59.65% for CHJ, with sales of RMB 25–50 million.

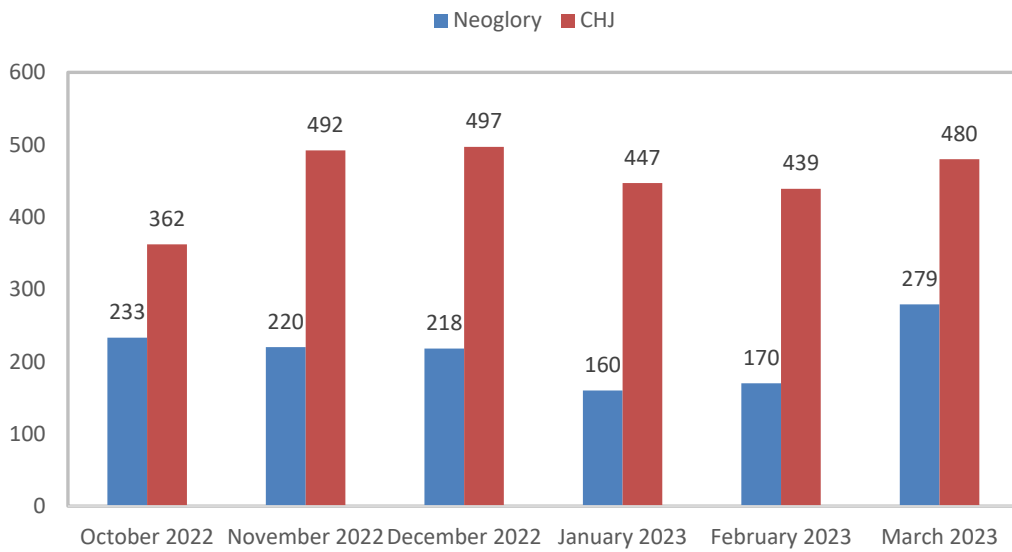


Fig. 4 Neoglory and CHJ live frequency from October 2022 to March 2023

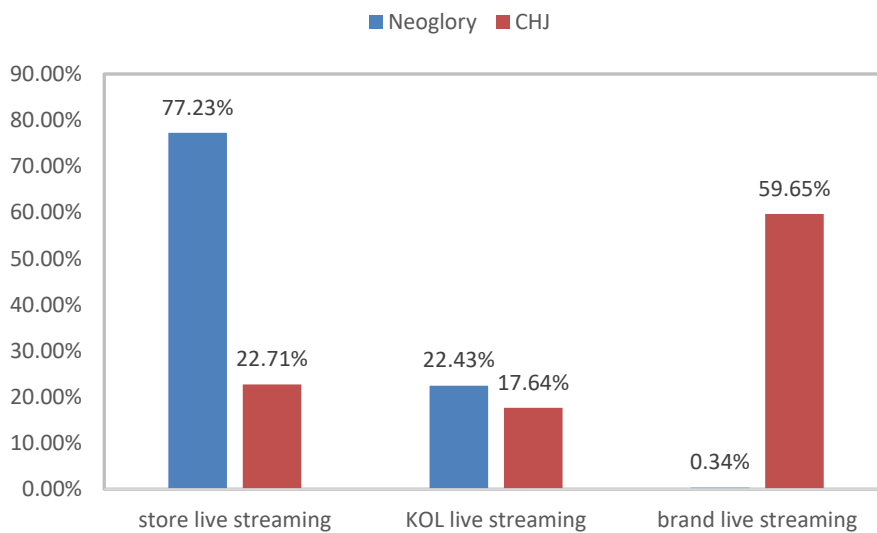


Fig. 5 Neoglory and CHJ live channel analysis in March 2023

Table. 5 Number of CHJ fans on each platform

Channels	Store Name	Number of fans (million)
Kwai	Chao Hongji Official Flagship Store	1.6
Little Red Book	Chao Hongji	5.9
Tik Tok	Chao Hongji Official Flagship Store	13.2
Vipshop	Chao Hongji	55.2
Jingdong	Chao Hongji Official Flagship Store	239.2
Tmall	Chao Hongji Jewelry Flagship Store	351
Taobao	Chao Hongji Jewelry Flagship Store	381

On the other hand, multi-channel and multi-platform digital transformation were not adopted by Xinguang Jewelry to combine online and offline sales. Due to the reform of Xinguang Jewelry, the official online shops of the company left only on Taobao, Tmall, and Tik Tok. CHJ's online sales are mainly contributed by the company's own online store, third-party large-scale integrated e-commerce platforms (Tmall, Vipshop, Jingdong, etc.), Wechat public account, mini programs, and Tik Tok. The number of CHJ's fans on each platform was listed in Table 5. Multi-channel e-commerce can expand the customer base and coverage, and enhance brand influence. Xinguang jewelry should try to increase brand publicity among diverse platforms to keep up with ever-changing market.

2.3. SWOT Analysis On E-Commerce Development of Jewelry Industry in Yiwu

2.3.1. Strength

Market operators in the jewelry industry are showing a younger and more educated trend. According to the data shown in Fig. 6, 31.18% of the market operators in Zone 1 are under the age of 35, and 15.67% have college education or above. Because the jewelry market is becoming increasingly youthful, as the saying goes, "a generation has their own ideas", the youthfulness of the main operators can make the development and innovation of jewelry more close to the young people's thinking.

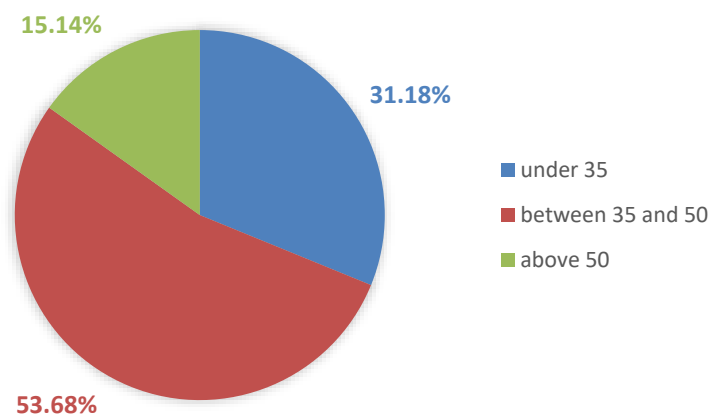


Fig. 6 Age distribution of main business households in zone 1 of Yiwu Jewelry market

The manufacturing process is constantly being improved, and metal 3D printing technology is being used more frequently by jewelry manufacturers. To meet the growing demand of personalization for the general public, many factories have introduced a significant amount of 3D printing technology [14]. And 3D printing technology has brought infinite design possibilities, and greatly expanding the new boundary of jewelry market. Various types of jewelry emerged, such as 3D-printed ceramic jewelry, gradually varied bracelets, sound-making rings, and various other new pieces of jewelry.

2.3.2. Weakness

The most crucial factor in the jewelry industry is the style of the product. A new product style will easily be copied on e-commerce platforms. Promoting new products on e-commerce platforms increases the risk of product piracy. The seller who created the new style cannot ensure that customers will find their own product first, more exposure and flow of the products may be guided to the online store of the peers [15].

According to the February-March 2023 jewelry turnover index data on Dunhuang website (DHgate.com) (Fig.7), bracelets and bangles, necklaces and pendants are the two categories occupying the largest share. Most of the merchants are focused on these two categories; they directly copy the pictures of the products in the link of peers, caused severe homogenization of products.

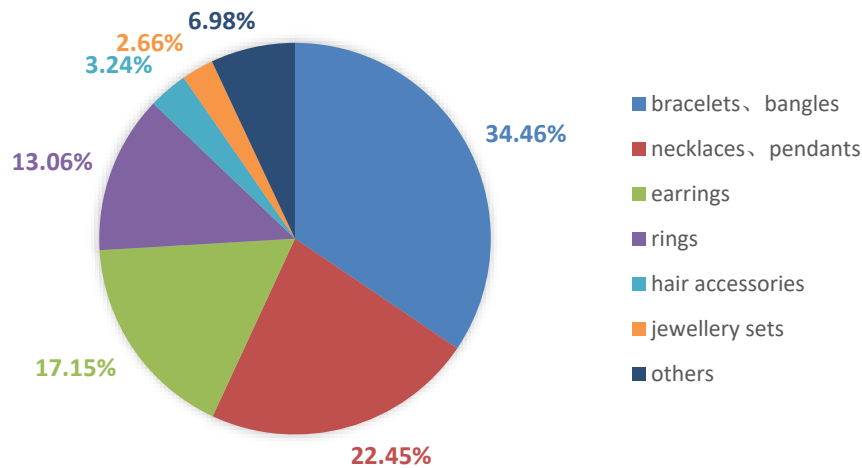


Fig. 7 The proportion of transaction amount index of each category of jewelry from February to March 2023

The Yiwu jewelry e-commerce market has grown quickly to an unprecedented degree in recent years. As a result, there is a structural scarcity of operators and elite with professional expertise. Additionally, the demand for low-level employees in this field is low, the majority of who are unable to contribute to the company’s product innovation or market development. The situation is very detrimental to the jewelry companies’ market-oriented competition.

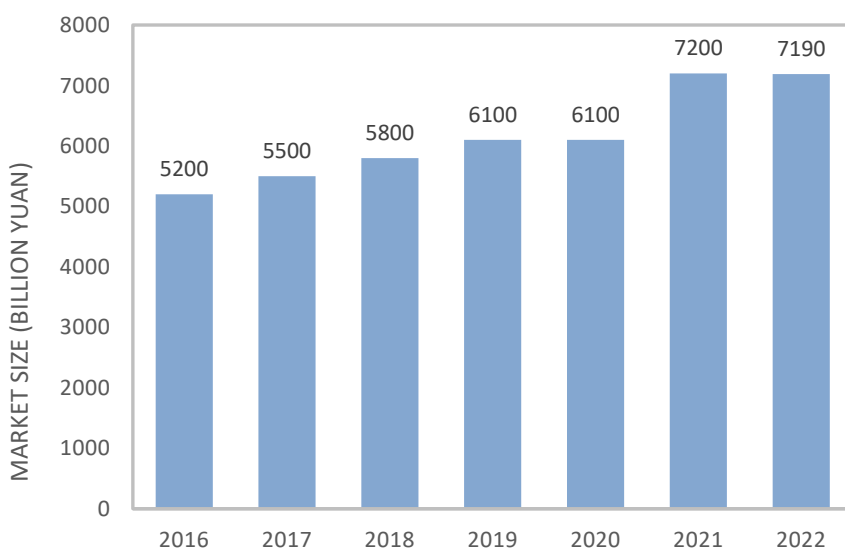


Fig. 8 Market scale of Chinese jewelry industry in 2016-2022

2.3.3. Chance

On the one hand, the government is focusing on enhancing the brand-new ecosystem of the live streaming e-commerce industry. To keep up with the new development trend of the e-commerce, “Action plan to accelerate the development of live streaming e-commerce” was conducted. The action plan was expected to promote quick development of live streaming e-commerce, to introduce new business mode, to enhance the construction of Yiwu International Trade Comprehensive Reform Pilot Zone. On the other hand, digital transformation was also encouraged by the government. “Chinagoods” Platform was put into service in October, 2020. The platform was built based on 75,000 stores and 2.1 million kinds of products. Marketing transactions, customs clearance, and trade finance were integrated in the platform, to support the digital transformation of the professional market of jewelry. 3 million SKUs of products were available on the site, and the registered buyers reached 880,000. The volume of transactions in the first quarter of 2021 was 47.183 billion yuan, with a year-on-year growth of 73.7%.

With the start of the “post-epidemic era” in 2021, China’s economy started to rebound quickly, and the jewelry market gradually began to boom. According to Fig.8, the overall Chinese jewelry market in terms of sales will be around 719 billion yuan by 2022. The Chinese jewelry industry will undoubtedly gain a higher development in the future as the consumption potential of the market is further liberated.

2.3.4. Threat

On the one hand, the epidemic has resulted in decreased shipping volume, sharp increases in freight costs, shortage of containers, and other issues. This situation made it difficult for companies selling jewelry online. On the other hand, current global instability and risk have increased significantly, particularly due to trade protectionism and geopolitical conflicts, and other uncertain and unstable factors. All these factors posed significant challenges to e-commerce of jewelry industry.

In recent years, a number of traditional jewelry companies have entered the e-commerce track. In China, e-commerce is expanding rapidly because it is easy for traditional companies to join in. Jewelry companies with well-known brand have already been successful in e-commerce, with large scale of customer base. However, many small and medium-sized jewelry companies are reluctant to give up their share of the "cake" by joining the e-commerce. The investment on innovation was insufficient, and homogenization was common among the products. Consumers of e-commerce are even more sensitive to the price, leading to price war among the online sellers. Decline profit resulted from price war will cause less investment in research and development, technological innovation, marketing, and management, and create a vicious cycle for the business.

3. Countermeasures to Optimize E-Commerce Marketing Strategy of Yiwu Jewelry - Based on 4C Marketing Theory

3.1. Consumers

As a symbol of personality and attitude, jewelry has drawn increasing attention from young consumers. Since young people tend to chase fast fashion, trendy jewelry has become a favorite among this demographic. Jewelry is more in demand than cosmetics because it appeals to girls’ love of beauty, their need to satisfy themselves, and their psychological need for self-expression [16]. Therefore, the jewelry e-commerce sector needs to do more to consider the unique needs of customers.

First, specialized services can be offered to prioritize the needs of customers, helping to avoid the monotonous style and increase customers’ loyalty. For instance, you may offer free engraving and custom

pattern services for rings, bracelets, and other pieces of jewelry. Instead of solely relying on the results of the designer's imagination, package materials can be provided for the consumers to DIY, especially for some simple hair items.

Second, the jewelry e-commerce company should deeply collaborate and interact with suppliers, as well as study the features of their best-selling products, to identify, refine, and duplicate those features. The designers can make good use of those features to create new items, which may have potential to be best-selling product combined with effective marketing.

Finally, social media is the effective way for publicity. For example, online fans can be collected through Facebook, Itao, VK and other social media, to get a large number of orders. CCEE selection conference can also be a candidate channel, to link to companies with certain marketing ability, or cross-border e-commerce sellers interested in popular jewelry.

3.2. Cost

The cost includes not just the cost of the item purchased from the online store but also the customer's time and effort during the purchasing process. Therefore, how to help the clients find their favorite products in shorter time should be the urgent task for the jewelry industry in Yiwu doing e-commerce business. For instance, the function of BestMatch on Dhgate platform was quite useful to help the customers find the exact goods they need, by using a merit-based sorting criterion. Related products can be searched through the keywords, and the ranking are determined by various factors [17]. With higher ranking, the product will be displayed to more consumers, and more orders will be expected. There are two primary methods of optimization for higher ranking:

One option is to purchase advertising place. The product will appear in the top three pages with an "ad" tag. Advertising will help the products gain more exposure, therefore increase the potential of the products to have clicks and orders. Another way is paying for a visual enhancement service. This will make it easier for customers to notice and distinguish the products in your store from those in other search results.

The other option is to optimize the product description. As homogenization of products is common in the jewelry industry in Yiwu, it's possible that multiple stores utilize the same primary product image on detailed information page. Therefore, changing the main image for the product, can make difference from other competitors. SKU of various products can also be expanded to improve competitiveness.

3.3. Convenience

The convenience of e-commerce was known as buying online without the limit of time and space. However, logistics was a key factor influencing the consumers to make the choice to purchase. Free shipping is confirmed to be more attractive to consumers. Products that are ready to ship are more competitive than those need 48 hours or 72 hours to prepare for shipping. The sellers can raise the amount of inventory for some popular and hot-sale products, to shorten the period for preparation of the goods.

Try best to ensure that customers have a positive purchasing experience. The frequency of loss and damage for small jewelry package should be taken into account. For cross border e-commerce package, if merchants are unable to deal with it promptly, the customer experience will be very poor. The trust for the platforms and sellers will decrease undoubtedly, causing loss of clients eventually. Therefore, more attention should be paid to the tracking information of logistics, timely processing and sincere feedback and communication should be offered to the customers for abnormal parcels.

3.4. Communication

Customer communication is essential in e-commerce, as it help in brand development and construction of trust from customers, solving problems in pre- and post-sales. The two steps listed as follows are suggested:

Enhance the effectiveness and quality of communication [18]. When dealing with foreign customers, the time difference and sleeping patterns of those customers should be considered. For instance, more attention should be given to the visitors' inquiry at night to avoid poor customer communication. Be familiar with the common communication abbreviations. For example, foreign customers frequently use the abbreviations "ty" for "thank you," "ASAP" for "as soon as possible," and "LOL" for "laughing out loud."

Increase customer stickiness. There is a "pareto principle" in sales, which states that 20% of clients account for 80% of business. As jewelry is a sector with a high rate of repeat orders, maintaining existing clients is more crucial than attracting new ones. Companies should keep in continuous contact with their devoted patrons to learn about their ideas for product utilization and enhancement. This not only helps to enhance the goods but also enhances the fervor of devoted patrons. For instance, you may frequently contact the existing clients, offer coupons, or send advertising messages. The cost of acquiring customers in e-commerce is rising along with the loss rate of customers. The private domain of social media played an important role in attracting consumers, such as fan groups created by internet celebrities. Information can be collected on the requirements of the clients, the feedback of the customers, the favorite elements of the products. The information not only enables the company to comprehend what clients want, but also gives certain ideas for design of new products.

4. Conclusion

Talents' cultivation is the foundation for growth of the e-commerce company. The operators in the e-commerce company should analyze the data from the platform, select the proper product that have potential to be best-selling. Effective marketing strategy should be taken, which requires sharp judgment as well as being open-minded. Designing and developing new items is a crucial skill for development and the most effective way to compete with rivals. The primary force behind the creation of new items is the demand from consumers.

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