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**RUSSIAN ONLINE SHOPPING LOGISTIC MARKET-
CASE STUDY: SINOTRANS LOGISTICS & PACKAGING CO.**

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Abstract

The current situation with the Russian economy provides foreign countries with opportunities to invest in Russian business. However, the online shopping logistic situation in Russia is not that good. Weak logistic infrastructure has led to barriers to creating an effective network and industrial development.

The main purpose of the research is to find opportunities for Sinotrans in the Russian online shopping logistic market and to create a plan to penetrate the market. When analyzing the Russian and Chinese situations, the possibility to become a player on the market is realized.

The study shows and explains the main strategy of market penetration, giving some recommendations to Sinotrans regarding market entry. The plan comprises an assessment and evaluation of the Russian online shopping logistic market, the analytics of current competitive situation on Russian market, the recommendation and opportunities for the company.

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1 INTRODUCTION

1.1 Background

Sinotrans Logistics & Packaging Co. is a company that offers integrated logistics services in China. The company was founded in 2012 as a wholly owned subsidiary of Sinotrans Limited, a company dedicated to providing customers with integrated logistics and packaging solutions and providing safe, reliable and cost-effective professional services, both in China and abroad. The company mainly serves engineering projects and manufacturing enterprises. For overseas projects, it provides logistics and packaging integration and optimization services starting with packaging for domestic manufacturers that deliver to overseas destinations. At the same time, the company unveiled the integrated solution of unpacking and transporting domestic factories relocated overseas. The company also provides packaging and logistics services for heavy, high-end or precision equipment in the energy, electrical, medical, and automotive and other manufacturing industries. (Sinotrans & CSC 2017.)

The most dynamically developing companies in Russia are internet companies. Nowadays, this is very common in business. Despite Russians being less active in online shopping, the internet is most popular among investors. Entrepreneurs believe in the prospects of the market, despite the barriers to development in Russia. These barriers include problems with the delivery of goods, mistrust of consumers, the unpopularity of non-cash payments and high rental costs. (RichPro 2017.)

1.2 Aim of the Research

This study focuses on exploring the Russian online shopping logistic market, getting familiar with Sino-Russian online shopping logistics and understanding the e-commerce business.

The aim of the research is to find the opportunities and possibilities for Sinotrans Logistics & Packaging to become a player on the Russian online shopping logistics market and to enhance a business strategy in order to enter the market and to start international cooperation. The international activity can be useful for the company due to the well-organized economic relationship between Russia and China. The Russian business has gotten used to cooperating with Chinese business partners, especially online. The study provides descriptions for the main topics, such as:

- 1) What are the trends in the Russian online shopping logistics market?
- 2) How do Sino-Russian logistics work?
- 3) Cross-border logistics between Russia and China
- 4) Designing a plan for for the penetration of the Russian market.

In addition, the study shows the cross-border online shopping from China to Russia. The research provides the strategy and recommendations for Sinotrans Logistics & Packaging about operations in a new environment.

1.3 Methodology

The author collected the primary data during an internship in the company. Sinotran's representatives supervised the primary information. They shared their ideas and opinions regarding their business and the upcoming plans of the company.

Secondary data was used from reliable sources, usually from Russian logistic sources, online shops websites, surveys of internet companies (opinions, experience). Reading blogs and forums regarding e-commerce and logistics were also included. This information was mainly used for an analysis of the online shopping logistic situation in Russia and an observation of the competitive situation.

1.4 Outline the Research

The study starts with an explanation of the online shopping situation in Russia, showing its advantages and disadvantages, according to surveys. Nevertheless, it shows the current situation on the international market and the situation of online shopping in European countries, compared to other countries. It represent China as the main business partner for Russia in online shopping business.

The second section analyzes cross-border online shopping logistics. This provides information about trends on the Russian market, the core players on the market, and the logistics between Russian and China.

The next part is comprised of opportunities and recommendations for the company, an analysis of threats and strengths of the organization in order to enter the market.

2 ONLINE SHOPPING IN RUSSIA

This chapter describes three main subjects: Russian online shopping, online shopping from China, online shopping compared to other countries. The main point of this chapter is to explain the situation of online shopping in Russia.

2.1 Russian Online Shopping

Usually e-commerce activity is targeted at consumers who purchase the products. Buyers purchase things for their possessions: for home, for family, things not related to entrepreneurship, so retail trade is the main deal in the business.

Online shopping is the very convenient purchasing of products from the internet. People are using social systems and getting familiar with the processes in it. A big possibility is to buy at cheaper prices compared to real shops. Promo codes are everywhere. Moreover, using online shops is a convenient way to buy things using mobile phones or other devices. That is why it can substitute brick and mortar shops. The number of internet shops will increase (ACIT 2016).

According to ACIT statistics, in the first half of 2017, the volume of the Russian internet trade market amounted to 7 billion euro. In a year, the volume will amount to 15 billion euro. In 2016, the volume of the Russian market of online trading increased by 21% and amounted to 13 billion euro. (ACIT 2017.)

According to Nielsen, among the variety of goods, which are available for online trade, Russians are most likely to purchase air tickets (38%), event tickets (39%), cloths and footwear (38%). Global consumers generally express a higher willingness to make purchases on the internet, but the popular categories are the same: air tickets (48%), clothing and footwear (46%), tour bookings and hotels (44%) and event tickets (41%). (Nielsen 2014.)

Compared to 2010, the willingness of Russians to buy goods on the internet has increased – it has especially grown in respect to tickets for events, air tickets and hotel reservations and tours (from 19% in 2010 to 35% in 2014). Books are the most popular products of 2010; however, the number of purchases has significantly decreased in the total list of planned online purchases b Russians (from 40% to 28%). This is due to the popularity of electronic books. Thirty-three percent of Russian respondents planned to purchase the electronic books in 2014. (Nielsen 2014.)

Russians do not often buy alcoholic beverages (9%), food and beverages (13%) and flowers (13%) on the internet. Russians are vigorously involved in online shopping, although they still fall short of global buyers. In addition, the question here is not so much one for the Russian buyers, but rather to retailers who do not yet fully use the available online opportunities. Applications for smartphones and online services, which can help to create a shopping list, accumulating bonuses, having access to special offers and reduced prices - this is what customers are waiting for. When it comes to buying clothes, tickets for events, books, toys or booking tours and hotels, the correlation among global respondents between online searches and online purchases is almost one to one. Those who are looking online and buy online are nearly equal. In Russia, the situation is different: for these groups of goods(cloths, festival tickets, books, toys, booking hotel), consumers are looking for information on the internet, but not all of them prefer to make online purchases. Therefore, the difference between those who seek information online (27%) and make purchases online (35%) is slight, when it comes to booking tours and hotels. When buying air tickets, the difference is even greater: 28% of respondents said they are looking for information, and 38% make

purchases online. This is also true when buying tickets for events - a gap (29% / 39%). (Nielsen 2014.)

The numbers of Russian customers are slowly growing. The number of those who make orders on the internet is regularly increasing. Due to this, the total frequency of purchases continues to grow.

There are several reasons why customers use online shopping:

- The internet has become more accessible.
- People have experience using shops and payment systems.
- Delivery services began to work faster and prices drop.
- The crisis in 2008 affected the offline trade; the range of ordinary stores has decreased. (Search Engine, DataInsight 2016.)

People often buy goods on the internet if the purchase is standard or clear in advance. If shops offer some exclusive product that has not yet been available on the market, customers may become confused, so it would be better to provide some guides, an introduction video or some comments.

The buyer who prefers online shopping is ready to pay extra for convenience, safe packaging, home delivery or courier.

Usually, the search for information on a product is performed along the way. Therefore, online shops invest and place their attention on the adaptive versions of the online store and the convenience of making purchases on mobile devices. According to Google, 66% to 78% of clicks on product ads in different categories are made from smartphones or tablets. (Victoria 2018.)

In 2013, the company Digital Research, with the support of Subscribe.ru and Esper group, provided a survey in order to explore the attitudes of Russian customers toward online shopping. The number of interviewees was 2196 people (1161 men and 1035 women).

The respondents pointed out some advantages of online shopping:

- 64% – the ability to make purchases at any time,
- 54% - the opportunity to get feedback from other buyers about the product, useful advice,
- 53% - diverse range of products,
- 50% – more likely to purchase goods with a discount, sale or promotion,
- 49% – reduced time for making a purchase,
- 46% - the ability to get more information about the product,
- 38% – wide geographical coverage,
- 33% - the availability of different forms of payment.

There are some disadvantages, such as:

- 64% – the impossibility of obtaining the advice of the seller and the view of the product before making a purchase,
- 49% - insecurity of the settlement process and the possibility of leakage of personal data,
- 38% – the lack of guarantees for the goods and after-sales service,
- 34% – long terms of delivery,
- 26% – the inability to obtain the original documents,
- 21% - difficulties with the purchase of goods on credit.

The activity of Russian customers who want to buy cloths is continually increasing. Russian wardrobes are often updated due to the seasonal climate. The reason for the increasing popularity of shopping for clothes and shoes online is the ability to save money (50% of respondents said they are more likely to purchase goods with a discount, on sale or on promotion). The same factor explains the preferences to make purchases in Russian online stores, the delivery of which is much cheaper than delivery from abroad (Europe, USA). It turned out that the most popular amount of the order is 15 - 43 euro (Digital Research 2013)

2.2 International online shopping

According to picture 1, China is the biggest e-commercial market in the World. Meanwhile Russia occupies the ninth position.



Picture 1. Top 10 eCommerce Market by country (Source: The Trellis Blog 2014).

Most Russian online buyers buy small appliances, clothes and shoes, cosmetics; they prefer to purchase clothes, shoes, and baby products, mobile devices (phones and tablets) abroad. However, they prefer to buy mobile devices from Chinese online shops and make up products. There are fewer people buying clothes, furniture and small appliances in European and American online shops compared to last year. The number of buyers from Chinese stores has increased in all product categories. (Yandex 2015.)

In general, the volume in the Chinese online shopping market is larger than that of the Russian market. In 2016, the Chinese e-commerce market amounted to 457 billion euro. Online shopping is one of rapid growth activity in China, making China the largest e-commerce market in the world, not least because of the population. The country has more than 600 million internet users. Email Marketing has most success in the Chinese e-commerce market. In the survey, 75% of consumers answered that they were ready to make a purchase after they received the special offer by mail. (PayOnline; PayPal 2016.)

In China, the most popular category of product is “clothes and shoes”. This makes up 82% of total purchases. The next ones are household appliances and digital gadgets, making up about 14% of mobile phone sales. In addition, one popular good is cosmetics. Chinese customers can also choose foreign brands (South Korea, Japan). (Sinocom 2014.)

As for Europe, the situation is a bit different. Online shopping is getting popular each year, such as in Britain and Germany, where consumers use e-commerce.

The UK takes the third position in the e-commerce market ranking. Online sales in Britain account for more than 13% of the total retail sales. The majority of Britons pay for goods online using PayPal, debit and credit cards. Seventy percent of British consumers have a smartphone, but only 16.5% use it for purchases. The volume of the e-commerce market is 76.2 billion euro, or 12.1% of all purchases made from tablets, 16.5% from smartphones, compared to 71.4% from PC computers. Online trading accounts for 30% of the country's economy.

As for Germany, 60% of the German population are internet users. The most popular direction of online trade in Germany is fashion. It is important for German consumers to be able to return the products. Germany shows a very high percentage of returns-up

to 50% of all orders are sent back to the store. The volume of the e-commerce market is 60.5 billion euro for 11.5% of all purchases happen with tablets, 16.2% were from smartphones, while 72.3% were from stationary computers. (PayOnline 2016.)

2.3 Online shopping from China

Sino-Russian e-commerce is a new phenomenon in the trade and economic relations between the two countries that will allow for changing the commercial model of the relationship between China and Russia. China has created competitive conditions for key enterprises of Russian cross-border e-commerce with all the advantages in the field of commercial information possession. A signed agreement between Russian and Chinese post companies within the framework of the “One-way-One Way strategy” will strengthen cooperation between the two countries in the postal area. This will promote the development of electronic commerce. China and Russia will receive bonuses in the framework of the “Internet +” program and in every way optimize the economic structure of these countries. At the same time, it is necessary to overcome some obstacles in the sphere of trade in order to strengthen the foundations of Sino-Russian cooperation so that consumers can receive goods and services with low cost and higher quality. (New Magazine 2016.)

The main advantage of Chinese goods is their low price. However, this is not always the case. The variety of assortment is secondary. If earlier it was possible to order mainly technical equipment and electronics from China, today the field of goods is inexhaustible: here customers can buy clothes, shoes, cosmetics, household goods, musical instruments and pears, as well as many other things. The last advantage of online shopping in Chinese stores is the exclusivity of goods, because many of them are not present in the markets of country due to lack of demand for them. Finding original cases for phones or non-standard gadgets is possible. (Inna 2014.)

The largest online trading platform in Asia today is the online store Taobao that combines thousands of large and small online stores, which sell products of different categories. These stores provide the widest range of products in the field of electronics, clothing and footwear, accessories and household goods. The number of users of Taobao.com (currently more than 100 million users) is growing rapidly around the world. The only hitch when ordering directly from Taobao.com is that the service is oriented to the domestic market of the country. Most of the goods are delivered only to China, so the calculation on the site is made only in the national currency - yuan. Ordering goods is quite difficult - this requires knowledge of Chinese language, a credit card from a local bank and an understanding of the intricacies of trading in China. Therefore, for the purchasing made by foreign customers' needs to resort to the services of intermediaries. There is a Russian-speaking intermediary of Taobao. It is important to not only accept and promptly process the order, but also deliver it within the agreed time. The transport partner for the delivery of goods from China is the experienced Russian logistics company CDEK, which guarantees the direct, reliable and fast air delivery of goods to Russia. Additionally, the website has its own office in Russia. (TaoBaoRU 2017.)

China is significant trade partner for Russia; in the first half of 2017 the external turnover amounted to 31.2 billion euro (Newspaper "independent" (Независимая газета) 2017). China occupies a key position in import of footwear products (about 78% of shoes were imported in 2014) (Wikipedia 2018).

As for Aliexpress, the shop divides their strategy into two parts: the first is related to cross-border business, and the second relates to the ecosystem of sellers that Aliexpress creates in Russia. Cross-border trade is developing in two directions. The first is the conversion from a C2C to a B2C model. The company stopped working with small Chinese sellers and began to work directly with Chinese brands. For instance, opening an official shop of the Chinese sports brand "LI-NING" on

November 11 (The day of shopping “double eleven”). In addition, Aliexpress has similar projects with many large Chinese brands, which have not explored the foreign markets enough. These brands are Xiaomi, LeEco, Shark (men's watches), Puppyoo (vacuum cleaners), MEIZU (phones), and Teclast (tablets). One mission is to help Chinese brands find a place on the foreign market, to work directly with customers around the world. This is named M2C - manufacturer to consumer strategy. This is the main strategy for cross-border trade in addition to improvement of services. For instance, customers buy a phone on AliExpress; they can also buy a guarantee for an exchange or a repair. Moreover, Aliexpress improved logistics and payments. The second topic is the development of Russian sellers. In general, an important point is the development of the Russian segment of AliExpress. There is the potential for sales within Russia, but also in the future for exports. (Interfax 2016.)

The popularity growing in Moscow and Saint Petersburg, but the buyers of Aliexpress are from all areas of Russia. The shares of Moscow and Saint Petersburg amounted to 15-20%. The rest of the shares involves clients from other regions of Russia, which includes cities with big population, and very small villages. (Interfax 2016.)

90% of the flow of incoming parcels comes from China, while 52% of the funds are spent on procurement. According to the survey, in the second half of 2017, about 88% of foreign purchases were made in China. (ACIT 2017.)

Thousands of sellers from different parts of China sell their products on Aliexpress. It is a large online shopping center where there are many small and large shops that work separately from each other. Aliexpress unites them and acts as a guarantor of the transaction between seller and buyer. (Aliexpress 2018)

The majority of cross-border purchases are made from Aliexpress. Around 23.8 million Russians visit the online shops and around 42% of them buy products. (ACIT 2015.)

3 LOGISTICS IN CROSS-BORDER ONLINE SHOPPING

This chapter describes the online shopping logistic services and the trends on the market. It also introduces the main players on the market. It explains the cross-border logistics services between Russia and China, which ways are relevant and convenient.

3.1 Trend of online shopping logistics market

In 2016, the volume of the market amounted to 928 billion euro. The estimates include only the revenue of logistics companies (including the Russian Post) from the delivery of parcels from Russian online stores to Russian customers. Online stores sent 44 million parcels via courier services, about half and covering the four largest players in the market. The fastest growing products by the number of order categories are home and repair products, books, medical supplies and cosmetics. These niches appeared on the market later than others, so the number of shops with these products is less than those carrying electronics, clothing, and baby products. The products have been developing from the beginning. That is why their growth is rapid. The Top 100 Russian online stores provide about 69% of the total sales in Russian Internet (it does not cross-border sales).

The importance of technologies for logistics are growing, including IT. Internet commerce has grown substantially over the past few years, and its structure has become much more complex, for instance:

1. Communication with customers through the mobile channel
2. Delivery to the pack station
3. Various conditions of delivery for various targeted group and categories of goods.

However, the most important thing is the development and complication of IT systems and the business processes of stores, the growth of investments in this part of the business, leads to a constant increase in the requirements for the technological basis of the logistics company. These requirements will only increase in the future. (Shopolog 2017.)

Another trend is the growth of spontaneous online shopping. More and more people use smartphones as a tool for purchases, which leads to an increase in the number of spontaneous purchases on the internet. Changes in the behavior of consumers create new challenges for logistics companies, and first is the need for urgent delivery.

One of the trends is the redistribution of return logistics from the Russian post to commercial operators. In 2016 and 2017, several good offers of return logistics from commercial operators appeared on the market. In fact, all major logistics companies offered this service for online stores. This did not lead to an increase in the share of returns on the market, but led to the redistribution of return logistics from Russian Post to other operators, whose services are easier and more understandable, primarily for ordinary consumers. In the future, it is possible to expect an increase in the total volume of returns, along with an increase in the total number of orders on the market and even a slight increase in the share of returns from the number of orders. (Shopolog 2017.)

There is a growing demand for special delivery and big sized products. The driver of the growth of logistics services are furniture, DIY and plumbing. These

categories are growing today due to the growth of online offers. New sellers demand specialized logistics. However, there are few offers in this market, and the cost is still higher than the expectations of shops and buyers. The market will probably have more organization specializing in large-sized deliveries; either based on existing logistics operators, or based on cargo taxi fleets. At the same time, the demand for other specialized delivery services has begun to grow. This includes, for example, food, medicine and medical supplies, alcohol, and jewelry. (Shopolog 2017.)

3.2 Sino-Russian Logistics

Russia and China share a border. Russian entrepreneurs have a good position. Both countries have an outlet to the sea, providing an extra opportunity for the transportation. The following includes some ways of transporting cargo:

- Air transportation is very fast, but very expensive. It is advantageous to transport perishable goods, or those goods that need to be sent as quickly as possible. The delivery speed is very high. For example, goods from China, including customs clearance, will be delivered within three to five days. However, the cost of customs clearance will also be high, since the calculation takes into account the cost of delivery. It is not necessary to transport large consignments of goods by air. This method is more suitable for the delivery of cargoes.
- By rail. This way has such a good balance between time and cost. Arrival at a destination takes one week. Useful when working with large-scale cargo and large batches of goods. It is possible significantly reduce the cost of customs duties by the transportation of goods by rail to the checkpoint at the seller's expenses. For example, cargo is transported by the Harbin railway, which runs across China, to the checkpoint. These transport costs are recorded and included in the customs value. Then the cargo is delivered to any region of Russia via the TRANS-Siberian railway, and these transport costs are no longer subject to inclusion in the customs value.

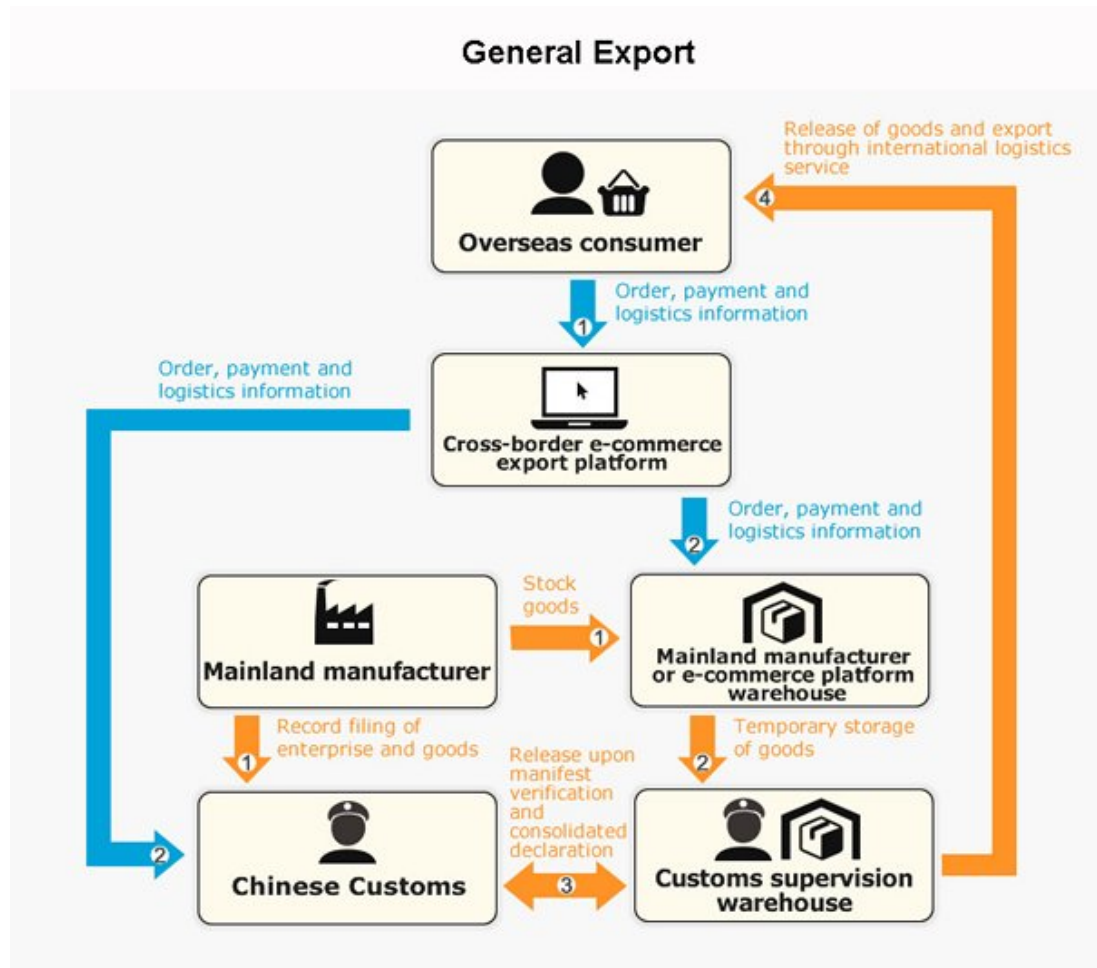
- By sea. A very economical way, but not always fast. This is the cheapest way, the most relevant when transporting large quantities of goods. Accordingly, the customs value of goods will be less. This is also the longest lasting. For example, from China to the Port of Novorossiysk, delivery time will take from 20 to 25 days, and to St. Petersburg-from 40 to 50 days.
- Road transportation. It is quite an optimal way, but the profitability is largely dependent on the specifics of the product and type of cargo. It is cheaper than delivery by air, and faster than by rail. It is considered as the best way and price, and speed. For example, from Beijing to Moscow, cargo will arrive within 17 - 24 days. (Delen 2017.)

If transportation from China to Russia is carried out by postal operators, it is inspected by the customs office, wherever there is an international post exchange. Most of the parcels go through Moscow. This can be Moscow Western customs, or Moscow Northern customs, if the parcel was delivered by rail. If parcels were delivered by Air, they will be arrived to Domodedovo Customs, Vnukovo Customs, and Sheremetyevo Customs. Moreover, Moscow South customs, if the parcel arrived in the Federal state unitary enterprise "international post office", on the Warsaw highway. Depending on delivery address, customs clearance can be carried out in the cities of Vladikavkaz, Saint-Petersburg, Irkutsk, Nakhodka, Orenburg, Murmansk, Velsk, Bryansk, Moscow, Kaliningrad, and Samara – where there are points of international postal exchange. In the case of large deliveries of goods, customs clearance can be provided at the customs office located in Vladivostok. Due to the fact that the city is very close to China, the cost of customs clearance will be relatively small. (Delen 2017.)

Another profitable option in terms of low cost of customs clearance involves help of the customs service of Kazakhstan. It is convenient to transport cargo through the Kazakh-Chinese border, if Chinese suppliers are from the Ili-Kazakh Autonomous Region. This is also true of the Bortala-Mongol Autonomous District in cases of

railway transportation. Additionally, it is relevant to mention the checkpoint Bakhty. on the Chinese side. It is located in the city of Chuguchak (Tacheng), Tacheng District. On the Kazakh side of the customs, it is in the East Kazakhstan Region. According to the calculations of entrepreneurs who have been delivering their goods through Kazakhstan for several years, customs clearance in Astana (the capital of Kazakhstan) costs half as much as in Moscow. Kazakhstan is a member of the customs Union of the EAEU (Eurasian economic Union). Customs clearance requirements for all countries of this customs union are the same. (GalaxyLogistics 2018.)

In 2015, Russia and China signed an agreement on enhancing cooperation and developing logistics in a cross-border manner. The Russian Post and China Post intend to begin the delivery of postal items with freight and passenger trains. This decision will contribute to the further growth of trade turnover between the countries and the development of Russia's transit potential. (Bashinform 2015.)



Picture 2. The export process. (Source: HKTDC Research 2016).

According to the picture 2, the delivery process which begin from a foreign client who makes an order on a cross-border e-commerce export platform. After that the order, payment and logistics information go on to Chinese customs. After packaging, the trader then send the goods to a customs supervision warehouse. Then, the product is checked by customs. Chinese customs sees the e-commerce platform, which sent the order to the client using international logistics service. (Picture 2.)

3.3 Core players of Russian online shopping logistics

Transportation outsourcing services account for about 22% of all the Russian market or about one-fifth of the whole transport and logistics industry.

The most common method of delivery of goods in Russia and China is via mail, but the main competitor is Express Transportation, which helps retailers to reduce the time for the delivery of goods and enables customers to track the parcel on the way. One of the express delivery leaders in the Russian market is SPSR Express. It worth mentioning that cross-border sellers of both countries face high customs costs and spend a lot of time on border crossings. Economic development zones, such as the city of Suifenhe, where deals are made in RMB and Rubbles, helps to reduce costs and time. Economic conditions here are favourable for the organization of representative offices of online stores. Users determine differences between markets: they set trends in payment and mobile applications. However, in the sphere of the e-commerce of both countries, with all the cultural and technological differences, there is a common criterion of competitiveness, here meaning a competent choice of partners-financial, logistics and customs. (TradeEase 2016.)

In 2016, the research agency Data Insight looked into logistic services for online shops. The research shows internet shops needs and opportunities for logistics companies. One of the main questions was “How do shops choose a logistic partner?”

The cost of logistics services was the most important factor for 61% of stores when choosing an operator. The other 48% interviewed mentioned the geography of delivery, and 45% of interviewees mentioned cash on delivery payment. Approximately one-fifth of the shops noted the presence of different delivery options (22%), the clearly regulated order of the partner's operation (22%), clear tariffs (18%), working with single-window logistics (20%) and the simplicity of system integration (16%). The highest proportion of those who chose cost as an important factor fell in the category

of food and beverages. The logical conclusion from the surveys was that with an increase in the average price in the store, the significance of the cost of logistics services is decreasing. Among the shops with an average check of more than 15,000 rubbles, none answered that all the criteria for choosing a partner are important. This means that managers clearly understand what they are looking for in a logistics operator. The least important for them was geography, working in single window mode and partial delivery (delivery that transfers some parts of the products, not all).

The main idea of the "one window" is to reduce the number of employees who communicate with the client during the process of acceptance and processing of his order.

Moscow stores want from partners a clear schedule and the availability of various delivery options, including partial delivery. In addition, for obvious reasons, Moscow stores rarely need delivery geography and cash on delivery. Smaller shops more than large, need delivery options, but the availability of an IT-system is not very important. Requirements for the cost of delivery are reduced as far the weight of the goods increases. (Shopolog 2016.)

According to the survey, 45% of the respondents used courier services, and 20% used Russian Post (including 3% of those to whom the courier brought a parcel to the house). 15% took the order at the point of self-delivery (online store or courier / Transport Company), 7% pick-up points, and 4% of the respondents used the offline shops. (Shopolog 2016.)

There are many logistic companies operating on the Russian market, but there are some companies that are highly popular and can be serious competitors for Sinotrans, such as:

- Dimex - express mail and courier delivery of goods in Russia and abroad. This is an experienced company that has worked since 1998. It provides some services (DIMEX):

Express delivery of correspondence and the urgent delivery of goods (large and small) in more than 9,000 localities in Russia, Ukraine, Abkhazia, Estonia, Armenia, Georgia, as well as the Republic of Belarus, Kazakhstan, Kyrgyzstan and Moldova in the shortest possible time. Express mail and delivery of goods from Ukraine, the Republic of Belarus, Kazakhstan, Kyrgyzstan, Estonia, Abkhazia, Armenia, Moldova, Georgia. Express delivery of documents, parcels, correspondence anywhere in the world.

- CDEK - Delivery service of company since taking responsibility in the organization of the transportation of goods, business correspondence, goods of different categories, in Russia and around the world. These are some services they can provide (CDEK):
 - 1) Delivery of goods in Russia: delivery of shipments of individuals, working with corporate clients.
 - 2) Courier services
 - 3) Delivery of goods to all CIS countries: international urgent or economical.

- B2CPL – courier services delivery and call Service Company, which takes and works with orders made on the internet shop. (B2CPL)
 The company provides:
 - 1) Its own courier delivery in 78 regions of Russia.
 - 2) More than 1600 pick-up points across all Russia, convenient location, an opportunity to take away the order within 14 days.
 - 3) Delivery in Moscow seven days a week.
 - 4) Accept cash and Bank cards (Moscow and St. Petersburg)
 - 5) The cost of delivery includes: SMS and Viber-informing, Email-notification, coordination of delivery by Call center operators
 - 6) Integration with “Russian Post”-packaging orders according to mail standards, execution documentation, payment control, solutions of problematic issues.
 - 7) The personal account provides all the information about the place of the parcel, the time of its receipt to the warehouse.

- DHL - German international company, one of the leaders of the global logistics market. DHL Express delivers urgent cargo and documents to more than 120,000 cities in 220 countries and regions. The company has more than 5,000 offices and about 76,000 vehicles for delivery of documents and goods. There are four subsidiaries companies(DHL):
 1. DHL Supply Chain-supply chain management;
 2. DHL Global Mail is a postal service, direct mail
 3. DHL Global Forwarding-air freight, sea freight, multimodal transportation;
 4. DHL Freight - land transport.

- SPSR Express – a leader of Russian express-delivery market that has operated in Russian since 2001. Currently, SPSR Express provides a full range of services for the delivery of documents, and transportation of small and oversized cargo to anywhere in Russia and abroad.

The company's infrastructure consists of nine distribution centers, 200 branches and representative offices in Russian cities, more than 1000 cars and 4000 employees. SPSR Express serves more than 6000 cities in Russia.

According to the survey, the interviewed online stores shared some changes that happened in 2015 and 2016. Most frequently, it was noticed that the transfer of more functions to outsourcing had taken place. There are those who, having tried to work with the courier, decided to take part logistic any processes back in the company and be responsible for any logistics performances. Thus, for half of the respondents 2015 was a year of testing times, personal options and the arrival in the end to suit models of logistics orders. About 47% of stores are preparing for changes in the next 12 months. The rest have just launched an online store or have already found a convenient logistics scheme. Among those who plan to change, the most popular option is still the connection of new logistics operators. If in the past the shops planned to expand the geography and the number of issuing points, today their attention is given to

outsourcing the maximum number of processes, from warehouse to delivery in different ways.

There are a significant number of stores that are not going to cancel their own courier service, delivering most orders. There are three reasons why shops prefer their own logistics (DataInsight 2016):

1. Outsourcing is expensive;
2. Not satisfied with the quality;
3. There are no companies, which can satisfy their requirements.

4 Entry Mode

In order to know the opportunity for the Sinotrans in the Russian Market, it is necessary to get familiar with the factors that can influence the company's activity in a potential market.

4.1 Opportunities

There is a big possibility that a Russian business will accept a company as a trustworthy partner. Considering the vast experience of Sinotrans in logistics services in China, there are some reason why Sinotrans can penetrate the market successfully:

1. The company has many customers around the world. This means that the company operates with foreigner clients.
2. The experience lets an organization compete outside and play successfully.
3. The company encourages and invests money in innovational and technological progress, improving logistics and shipping.

4. The company presents all the main modes of transport: sea, river, road, railway, which makes the market accessible by all possible modes of transport. (Sinotrans 2018)

Opportunity to attract other large Asian companies for using infrastructure

China is the largest infrastructure investor in the world. Thus, China comprises of 8.5% of the world's GDP. Chinese companies invest in transport and logistic infrastructure in Latin America, Africa and Asia. Basically, the main targets of financing and projects are developing countries. Over the past 10 years, China's financing in the Russian economy has amounted to 21 billion dollars. China is actively investing in projects to build railways, roads and other infrastructure. In this regard, China's investments play an important role in the development of the Asian part of the country and provide opportunities for improving the situation. (GazpromBank 2015.)

Possibility of joint development of infrastructure and construction of hubs with Asian partners

From the previous possibility also follows the development of facilities with Asian partners. They are equally interested in the competitiveness of transit corridor in Asian region and its effective use by the Russian side. The development of hubs in the region is also of strategic importance, especially on state borders with China, Japan and Mongolia. Their creation will provide partners with a profitable consolidation and distribution of goods across Russia and Europe.

Possibility of integration of Russian transport and logistics system into Asian and European systems

Many projects are being developed for the integration of transport systems in Russia, Europe and Asia, which will ensure the creation of a single transport corridor connecting Asia and Europe. This opportunity will provide a direct exchange of commodity flows between the two parts of the world. Moreover, the integrated transport system will have many advantages over “The new silk road”, such as higher safety and higher capacity.

4.2 Recommendations for Sinotrans

There are some risk and difficulties, which the company will face in Russian market. However, there are some opportunities the company can use to run their activity on the market.

Participation in trade fair, events, exhibitions

Online Retail Russia is the main event of the year in the field of e-commerce. It is held annually. More than 250 participants can join the event; they are first representatives of multichannel retailers and online stores, and the heads of internet projects. During the two days, the participant discuss a topic of online development of business; give a speech about Internet Marketing, logistics and other online-retail trends. Lifestyle marketing, increasing traffic from mobile devices, payment habits of the buyer, logistics, online merchandising, Big Data, loyalty programs are the key topics of presentations. (Logirus 2018.)

Future Logistic – this is an international event where the audience of the conference are developers and owners of warehouses, logistics companies-operators, and heads of logistics departments of commercial and industrial companies, retailers, brokers, freight carriers and transport companies, freight forwarders, media.

Partnership

The entry plan concentrates on creating partnerships with other market participants. A partnership is one of the opportunity to begin cooperation on the Russian Market; however, Sinotrans should analyze all risks, even if they are not noticeable, and extend their performance to different spheres. That is why it would be reasonable to increase the trust and let potential customers be familiar with the company's activities

The Russian website, Ruward, annually publishes a report on the top SEO (search engine optimization) and SSM (social media marketing) companies. For example, some popular organizations, such as Ingate, webit, i-Media, Adlabs (Runward 2018, Ingate 2018, webit 2018, Adlabs 2018). Interaction and communication with these companies can increase the popularity of the services.

It is necessary to create a Sino-Russian trade information network, to strengthen the role of intermediary services, to open a full range of electronic service services, to introduce modern marketing forms, to create a modern logistic transport system, and to further expand transport routes. All of this will allow Sino-Russian trade to reach the most remote places. The B2B method should be supported and make efforts to strengthen the retail network, to promote the development of relevant services, promote the development of electronic commerce in areas differing in infrastructure level, support electronic commerce operating both on-line and off-line, both within and outside their countries, to promote good governance. It is necessary to increase the credibility of the quality of products and pay attention to the control over intellectual property rights, strengthen coordination, develop rules for accessing internet sites, using various types of digital data, in every way promoting electronic commerce.

5 SUMMARY

The E-commerce market is getting bigger and more popular. More people use the internet platform as a shop. The demand for internet products is being increased, and online shops need to plan the transportation. In addition, as the research mentioned, the Russian online shopping logistics market is undeveloped and needs reliable solutions. Now it is good time for Sinotrans to present and introduce their services. They have a big opportunity to run their new business and cooperate in the Russian market and to be one of the core players.

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