
E-Commerce Developments and Strategies for Value Creation: The Case of Russia And China

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Abstract: E-Commerce has a significant impact on the economy and business productivity and currently has a chance to become widespread due to its simple applications. This provides an opportunity to "cross borders" as new entrants, business models, and technology changes break down barriers that previously separated one industry from another. This increases competition and innovation, which is likely to increase overall economic efficiency. In recent years, China has played an increasing role in E-Commerce, both domestic and international transactions. In these circumstances, the country's leadership faced an obvious need to form comprehensive domestic legislation in E-Commerce and ensure compliance with international norms and standards.

Keywords: E-commerce; China; Russia; B2B; B2C; logistics

INTRODUCTION

The transition to a postindustrial society in the world economy has led to the rapid development of information technologies and, in particular, the Internet, which has become a condition for the emergence of a new sector of the economy-E-Commerce (Tolstoy, Nordman, Hånell, & Özbek, 2020). E-Commerce opens up new horizons for business development, which is why an E-Commerce system is a necessary condition for the formation, growth and development of the country's economy. Worldwide, the turnover of E-Commerce is growing at a relatively high rate every year, as the electronic environment provides great opportunities for promoting products. Currently, the position of the leader in this industry is occupied by China. Its peculiarity is that the E-Commerce market's main share belongs to the holding Alibaba Group, which includes several Internet platforms aimed at a particular group of partners and buyers. In Russia, E-Commerce is developing rapidly, but it is still a relatively young Russian economy direction. The business-to-consumer (B2C) model is the most actively developing area. E-Commerce in Russia and China as the basis of E-business at the present stage contains several issues, so the analysis and identification of its structural elements, the main trends and patterns of development of the two markets is a prerequisite for the further development of the Chinese and Russian B2C model of E-Commerce.

This study aims to regulate the key aspects that affect the functioning of E-Commerce in Russia and China. The main goal is to assess the risks and opportunities for international cooperation associated with E-Commerce regulation's current nature. Due to the relevance of the topic of E-Commerce development and the significant role of China and Russia in this area, the research objective is to analyze the nature of the current regulation of E-Commerce in both countries and their impact on the functioning of the E-Commerce market in China as a whole, as well as on the activities of foreign companies in the country.

E-commerce is a way of conducting business over the Internet. Though it is a relatively new concept, it can alter the traditional form of economic activities. Already it affects such large sectors as communications, finance and retail trade and holds promises in areas such as education, health and government. The most considerable effects may be associated with many of the impacts that command the most attention but with less visible but potentially more pervasive effects on routine business activities.

The article has been written based on secondary information. The secondary information were collected from published books, journals, research papers, and official statistical documents. Reports published on 'E-commerce' by the Organization of Economic Cooperation and Development (OECD), DataInsight and World Bank provide important ideas regarding the topic. The work's methodological and theoretical basis was monographs and articles in periodicals of domestic and foreign authors, information on electronic media, and statistical information and reports of Russian and foreign analytical agencies.

LITERATURE REVIEW

Today, the economy is focused on using the latest production technologies and developing scientific research achievements. New trends contribute to the emergence of an information environment that replaces the traditional economy. Within the framework of such realities, society's economic side is not only subject to changes in its content; the need for modernization is realized, including in virtual reality.

Brooks and Wahhaj (2001) used a multi-regional econometric model to assess the impact of Business to Business (B2B) E-commerce on the macroeconomics of the United States, Japan, Germany, the United Kingdom, and France. Yang, Zhou, and Li (2018) used the Douglas functional method to investigate the relationship between E-commerce and economic growth, and the results showed that E-commerce plays a prominent role in stimulating economic growth, and the lower E-commerce security index is one of the main reasons hindering the development of E-commerce. Li and Zhang (2016) considered that the main factors influencing E-commerce development in western China are E-commerce consciousness, a logistics system and network credit degree, business management, communication infrastructure, E-commerce talents, and legal issues. You (2011) pointed out that the key factors influencing the E-commerce network's growth are social factors, technical factors, management factors, economic factors, and competition factors. Xie and Li (2012) founded a comprehensive system of corporate E-commerce decision-making factors. They concluded that the three factors influencing corporate E-commerce decision-making are the external environment, the enterprise itself, and E-commerce technology.

Kholodkova (2013) stated that Business processes based on information technologies or commercial activities on the Internet as E-Commerce. Agafonova (2009) believed that the active development of IT technologies soon could create many new networks, potentially leading to the fact that the Internet will fade into the background. Thus, it defines this concept as a form of commercial activity carried out fully or partially in a virtual electronic environment. Information and transactional interactions are carried out based on the use of information and communication technologies. Feindt, Jeffcoate, and Chappell (2002) and Yun, Zhao, Park, and Shi (2020) argued that the use of E-commerce methods can become a growth driver for a company and help overcome periods of crisis. Akopova (2013) and Popkova (2015) considered the need for innovation as the primary source of enterprise development in unfavourable economic conditions based on statistical indicators.

Among the main advantages of E-commerce, access to electronic information exchange that allows to significantly increase the efficiency of economic entities by reducing transaction costs, reducing the time to arrange the transaction, and provide fast and accurate information, high-speed financial calculations to reduce shipping costs, to improve the market analysis and strategic planning, provides great opportunities for marketing research, creating the most personalized offer, maintaining a high level of customer loyalty and also opens the same access to the market for both large corporations and small firms. Kholodkova (2013), Kubkina (2012), and Nazarova and Dianova (2012) considered several features (mostly negative) characteristic of E-commerce in Russia. Among them, the high cost of shipping, a low degree of involvement of sales compared to professionals, distrust of online payment (because of the uncertainty of the safety of the transaction and the insufficient protection of information), the absence of a comprehensive regulatory framework governing E-Commerce, the problems in the development of infrastructure, and lack of computer literacy.

As a conclusion, it can be noted that E-commerce is a relatively new but very rapidly developing direction of commercial relations, as evidenced by most researchers (Babenko, Kulczyk, Perevosova, Syniavska, & Davydova, 2019; Barnes & Vidgen, 2002; Choshin & Ghaffari, 2017). Online trading has several significant advantages over traditional trading methods, although there are many problems that many companies face. While noting the significant lag between the Russian E-commerce market and the Western one, most authors still note the rapid pace of its development and the growing demand from consumers, who increasingly prefer online purchases.

1. Background of the study

1.1. Introduction to E-commerce

E-Commerce is continuously growing in developed countries. E-Commerce is considered one way to improve the efficiency of small and medium-sized enterprises (SME), large corporations, and government agencies. One of the main differences between E-Commerce and traditional retail is the target groups of customers. E-Commerce is more challenging to determine the target audience since it does not necessarily work or live in the surrounding area, usually potential consumers in traditional retail. E-Commerce is simply the process of buying and selling products through electronic means such as mobile apps and the Internet. E-Commerce refers to both online retail and online shopping, as well as electronic transactions. E-Commerce has grown in popularity over the past decades, replacing traditional brick-and-mortar stores. E-Commerce allows you to buy and sell products on a global scale twenty-four hours a day without incurring the same overhead as a brick-and-mortar store. For a better marketing combination and better conversion rate, E-Commerce enterprises must also have a physical presence; this is more commonly known as a click-and-mortar store. While most people consider E-Commerce

to be B2C, there are many other types of E-Commerce. These include online auctions, online banking, ticket sales and reservations, and B2B transactions. Recently, the growth of E-Commerce has expanded to sales using mobile devices, which is commonly known as "Mobile Commerce" and is simply part of E-Commerce.

Global E-Commerce's birth is associated with 1960 when American Airways first created an automatic passenger registration system (SABRE). E-Commerce in Russia and China, despite its relatively late origin, has sufficient potential for further development. In 1994, the national domain.ru was officially registered for the Russian Federation, and the first site in the RU zone was created www.ru. In August 1996, a new attempt was made to create a Russian online store, and this time it was successful: the Symbol online store was opened (www.symbol.ru), now called Books.ru. In March 1997, the first RIF (Russian Internet forum) was held. In April 1998, IMTB virtual Bank appeared on the Russian financial services market. November 20, 1998-the first money transfer was made via Webmoney- the first publicly available electronic payment system. In 2000, the highest growth rates of online stores were observed, and Russian entrepreneurs sought to occupy their niche in the Network.

The history of E-Commerce in China has been developing since 1997, when the first B2B platforms (ChemNet and Tradeeasy.com). Year 1999 can be considered a turning point where a giant of E-Commerce in China is being created, which occupies a leading position to this day-Alibaba group. An important period in the history of E-Commerce in China can be considered 2003-2005, provoking a boom in E-Commerce development. The modern period is characterized by the constant modernization of China's E-Commerce and its development.

The global retail E-Commerce market between B2C shows particularly impressive dynamics. For example, estimates of the global E-Commerce market range from \$1 to 1.9 trillion in 2015. According to Euro monitoring experts' estimates in 2014, the volume of E-Commerce in B2C format was expected to approach the \$1 trillion mark in 2015 and exceed \$1.5 trillion in 2018. Although showing a downward trend, this sector's growth rate is significantly faster than the world economy's growth rate and trade. Thus, in 2015, the global E-Commerce market's sales volume was expected to grow by 18%, while the growth of world GDP in the same year was 3.1%, and world trade is 2.8%.

According to UNCTAD data, global B2C E-Commerce volume was already estimated at \$1.2 trillion in 2013. This market's size is significantly smaller than the volume of E-Commerce operations in the B2B system (interacting entities are legal entities, i.e. companies, enterprises), which amounted to \$15 trillion in 2013, 14.4% of global GDP. But the B2C segment is growing faster, especially in developing countries. Thus, it is expected that in 2018 the share of developing countries and transit economies will make up almost 40% of the world's B2C E-Commerce, while the share of developed economies will decrease from 70% to 60%. Moreover, the scale at which people make purchases online is characterized by huge differences. For example, the proportion of residents who make electronic purchases is only 2% in Mexico and Thailand, and more than 60% in several developed countries.

1.2. Dynamics of development of online stores

In 2019, there are 5.11 billion unique mobile users globally, which is 100 million (2%) more than last year. In 2019, the Internet audience totalled 4.39 billion people, 366 million (9%) more than in January 2018. There are 3.48 billion registered users on social networks. Compared with the data at the beginning of last year, this is increased by 288 million (9%). Today, 3.26 billion people access social networks from mobile devices, which is 10% more than last year when 297 million fewer people sat on mobile social networks. According to the statistics of 2019, there are more than 40000 online stores and about 95.8 million customers in Russia (78% of the population).

Currently, many sites in the world carry out online sales in various formats. Among B2C and B2B E-Commerce platforms, the largest are mainly American platforms. However, some popular platforms work on the B2C model in the Chinese and Russian platforms. AliExpress is a huge marketplace where different suppliers put their products on display. The platform is visited by more than 525 million users per month. They find here offers from manufacturers: from clothing and household appliances to cars and motorcycles. Taobao (China) specializes in E-Commerce. This website provides its customers with various features, such as comparing products, a secure payment gateway, and fast delivery. JD.com is a Chinese company headquartered in Beijing, one of the two largest B2C online stores in China regarding transaction volume and revenue. Liu Qiangdong founded the company in July 1998 as an online magneto-optics store, and its B2C platform was launched online in 2004. OZON.ru is the first Russian online retailer with the most comprehensive range of products on the Russian Internet founded in 1998. Main products are books, electronics, music and movies, while the store supports 18 payment types and 14 order delivery methods.

Additionally, several popular platforms work on the B2B model too. Alibaba is the largest platform for both the consumer and business segments (Zhao, Wang & Huang, 2008). It was created primarily to provide Chinese sellers with buyers. Companies from all over the world are registered on the site. Vectortrade.global is a platform based on Wechat, the most famous messenger in China. Information about suppliers and products is placed on the official accounts of the platform with a geographical reference. Chatbot Alenka promotes Russian

products on the Chinese market. The official account can answer a Chinese buyer's basic questions in real-time, mainly providing information about suppliers, products, delivery conditions, and telling interesting facts about Russia. The official account is a chatbot created based on the Chinese WeChat app. The B2B model also confirms the USP of the Made-in-China marketplace: Connecting Buyers with Chinese Suppliers. With the help of this resource, entrepreneurs can find suppliers in China. Made-in-China was created in 1998 by Focus Technology Co. Ltd. Its' mission is to serve international trade and provide information about Chinese products and suppliers to a wide range of wholesale buyers worldwide. The site is available in 11 languages, including Russian.

According to the E-Commerce Foundation, the top 10 countries in the global B2C E-Commerce market. China was and remained the world's largest E-Commerce market (33.7%), followed by the United States (26.2%), followed by the United Kingdom (7.7%) and Japan (5%). The volume of E-Commerce in the global B2C market from 2013 to 2018 increased by 71%: from \$1254 billion to \$ 2842 billion. Simultaneously, the number of Internet users increased by 5.3% over the same period, from 37.9% in 2013 to 51.1% in 2018. The rate of development of E-Commerce is currently significantly higher than the rate of development of world trade as a whole, which is recorded primarily by the world trade organization. The advantages of the Internet as a sales channel are obvious to entrepreneurs all over the world. In this regard, to attract more customers, companies are engaged in developing and implementing marketing strategies.

2. E-commerce in Russia and China

2.1. E-Commerce In Russia

E-Commerce in Russia appeared about twenty years ago. In 1998, the first Internet banking system, "Internet Service Bank", developed by Avtobank, started working in Russia. In April 1998, the first virtual Bank-IMTB appeared on the Russian financial services market. In November 1999, the Moscow interbank currency exchange created an automatic Internet gateway-a terminal capable of processing many requests to purchase and sell securities simultaneously. In the first two years of the gateway's existence, Russian online trading, Internet brokers' market share on the exchange has grown to 50%. Since the beginning of the 2000s, there has been a high growth rate of online stores and the E-Commerce market development.

Unlike many other business areas in Russia, legislation in the field of E-Commerce is not fully developed. In most cases, this industry relies on rules and regulations in the Russian Federation's Constitution, the Civil code and several Federal laws developed to regulate larger sectors, most often not related to electronic activities. Legal regulation of E-Commerce in the Russian Federation is carried out by various government agencies, depending on E-Commerce subjects. In Russia, as in most countries, a local online retail system is actively being formed. Besides, the Russian system is not closed and is gradually being integrated into the global E-Commerce system.

Since the early 2000s, there has been a high growth rate of online stores and the E-Commerce market development. According to a study conducted by the Association of E-Commerce companies (AITC), the volume of the E-Commerce market in Russia in 2018 increased by 59% compared to 2017. The decline in the growth rate may be due to a slowdown in cross border trade and a general decline in the population's purchasing power. Russia ranks 9th in the world's largest E-Commerce markets. The cross-border trade market continues to grow at a pace that is faster than the local market: the share of cross-border trade increased from 24% in 2013 to 30.4% in 2018, which was from 93.2 billion rubles to 363 billion rubles, respectively (figure 1).

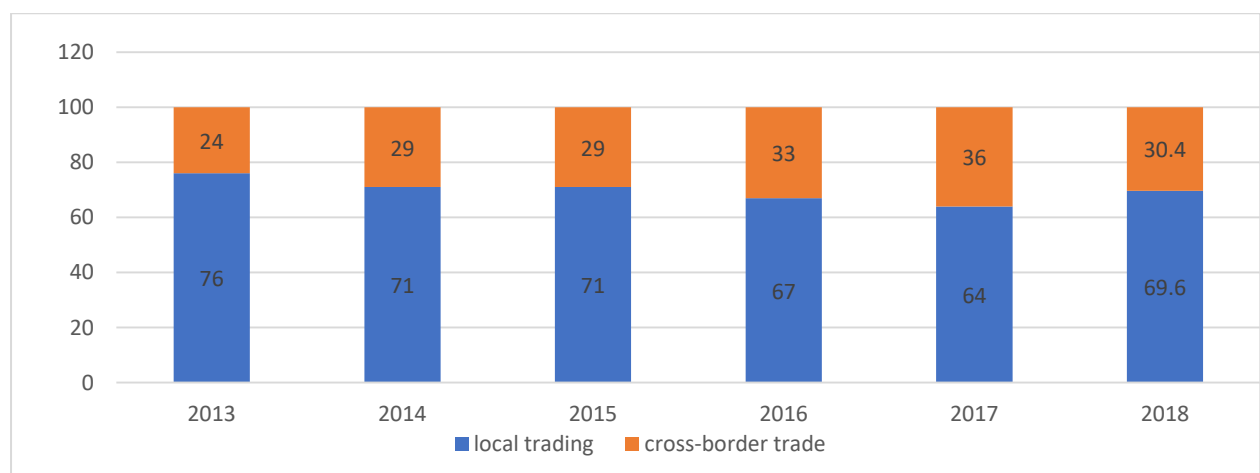


Fig.1:Share of cross-border trade as in the total market volume %

Source: DataInsight, 2014-2015

Russians purchase most products in foreign online stores in China. The share of deliveries from this country is 91%, from the European Union 3%, and the US 2%. In monetary terms, purchases in China 53%, the European Union 22%, the United States 12%. The Russian market is still at the initial stage of its development. The share of E-Commerce in total retail sales is about 3%. E-Commerce by 2024 may take 8.5% of the turnover of all Russian retail compared to 3.47% in 2017 and 4% in 2018. The most common ways to deliver goods in Russia are Russian Post and Express delivery. The most popular product categories, both in the local market and in the cross-border trade market, are electronics and home appliances, clothing and footwear. Simultaneously, the share of clothing and footwear in the local market is 22%, and in the crossborder market, 36%. Also, popular categories are car products, perfumes and cosmetics, sporting goods, and others.

Approximately 60% of domestic sales are paid by cash on delivery. In addition, consumers use Visa (29%), Qiwi (26%), Yandex (19%), MasterCard (13%), Webmoney (8%) and PayPal (5%). Russia is the largest country in Europe by the number of Internet users. The number of Internet users in Russia was 87 million, and Internet users' share was 71%. Thus, the Internet coverage rate is at an average level, lower than in developed countries (85-90%). However, the number of users is steadily growing due to areas where network coverage is still relatively low, including rural populations. The structure of Russian Internet users is dominated by women, whose share in the total number of Internet users is 52.5%. There is a high level of Internet penetration in the age structure in 16-29 years (99%) and 30-54 years (88%). The smallest group consists of people over 55 years of age (36%). The largest regions by the share of online trade are Moscow, Moscow region and Saint Petersburg. Among the international online platforms on the Russian market is Aliexpress since 2012, eBay since 2014 and TradeEase since 2015. According to AICT, AliExpress ranks first in the ranking of shopping sites in Russia by unique users. Table 1 shows the ten most-visited E-Commerce sites in Russia in 2018.

Table 1-Most visited E-Commerce sites in Russia

Website	Number of visits (Million)
Aliexpress.ru (China)	22194
OZON.ru (Russia)	8987
Eldorado.ru (Russia)	7564
DNS-shop.ru (Russia)	6976
Mvideo.ru (Russia)	6923
Wildberries.ru (Russia)	6772
Ulmart.ru (Russia)	6012
Ebay.ru (USA)	5157
Lamoda.ru (Russia)	4548
Citilink.ru (Russia)	4420

Source: DataInsight, 2018

One of the largest Russian B2C platforms is OZON.ru which was founded in 1998 by the St. Petersburg company Reksoft and the publishing house Terra Fantastica to sell books and videos over the Internet. The consumer to consumer (C2C) project was launched in 2007. For 20 years, OZON.ru turned from a store of cultural goods into a supermarket with the most common assortment of goods on the Russian Internet. Currently, more than 4 million items are available for selection and ordering. An assortment of OZON.ru divided into large sections, products located in constantly updated catalogues are categorized.

At the end of 2018, the turnover of the online store OZON.ru amounted to 42.5 billion rubles and increased by 73% compared to 2017. Net sales OZON.ru also increased by 20% to 14.2 billion rubles. In quantitative terms, sales OZON.ru accounted for 74 million products, or 15.5 million orders (an increase of 85% by 2017). Moscow accounts for a large share of sales (41%). The top five sales leaders also included the Central Federal district (16%), Saint Petersburg (13%), Siberia (7%), and the southern and Volga Federal districts (6%). Assortment OZON.ru reached more than 15.5 million titles compared to 10.73 million titles in 2017. In 2016, several new product categories were added. The share of books in sales was 25%, the share of electronics 24%, and home goods 15%. The fastest-growing category was "pet products", with an increase of 227%, and a share of 4% in the total volume. In 2018, OZON delivered 15.5 million orders containing 74 million items. This was due to several competitive advantages such as a diverse and wide range of products, High-quality product description and original content, Transparency in the execution of the order, a well-established logistics system, attention to detail and a system of discounts, bonuses and sales.

2.2. E-Commerce in China

China is the largest E-Commerce market globally and one of the fastest-growing markets, with 35% annual growth. The history of E-Commerce development in China began in 1997 with the first B2B platforms' appearance, such as ChemNet, Tradeeasy.com. Since 1999, a new stage in E-Commerce development in China

began when the Alibaba Group was created. Currently, China's E-Commerce is in intensive growth, becoming an increasingly important domestic demand engine and the development of modern services, stimulating traditional industries. China occupied a leading position in the world in terms of internet-trading in China in 2013. Internet sales in the consumer sector amounted to 458 billion dollars, in 2015, 672 billion, and in 2018, 752 billion. Recently, China's E-Commerce turnover has continued to grow, with the retail Commerce market developing at a particularly rapid pace. Experts believe that in 2020, China's E-Commerce market will exceed the combined volume of the USA, UK, Japan, Germany and France markets. At the end of 2018, the online retail market volume ratio to the total retail trade volume was 28.6% (figure 2). Unlike most global E-Commerce markets, the Chinese market is dominated by trading platforms rather than individual websites, which account for more than 90% of retail online transactions. The cross-border trade market (selling foreign goods directly to a buyer in China) continues to grow: the share of cross-border trade increased from 17.6% in 2013 to 50% in 2018 (figure 3).

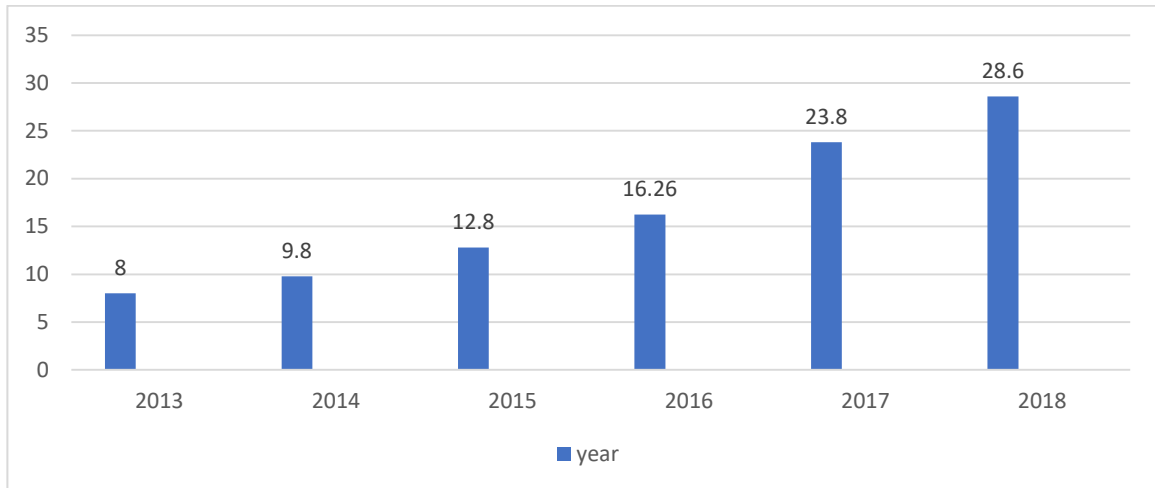


Fig.2: Ratio of the online retail market volume as the total retail trade volume %

Source: UNCTAD, 2018

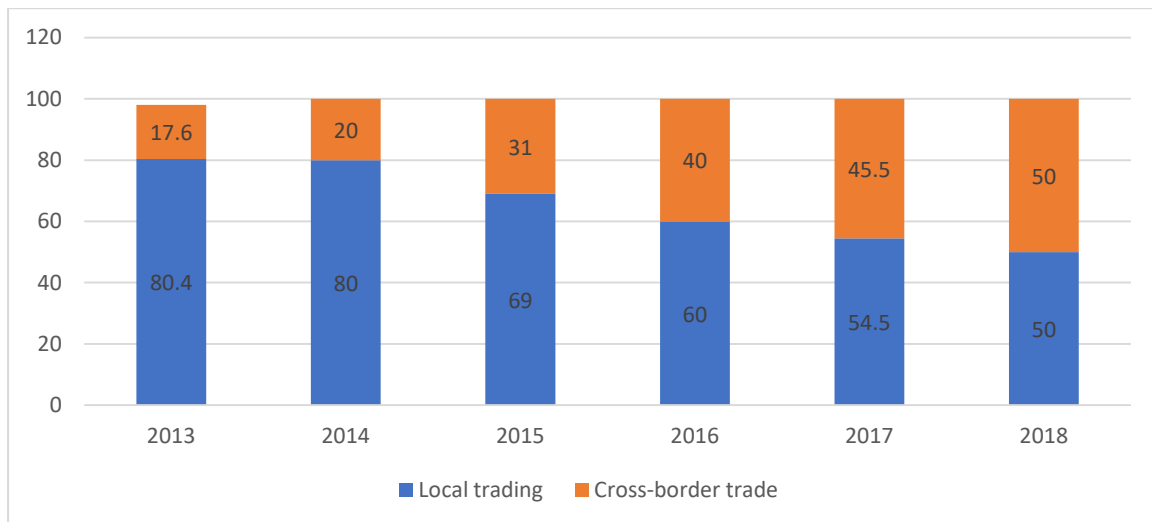


Fig.3:Share of cross-border trade in the total Chinese market %

Source: DataInsight, 2014-2015

The three major Internet companies in China are Alibaba, Baidu and Tencent, which dominate three different market categories: E-Commerce, information search and messaging, respectively. WeChat is the most frequently used app in China, with 79.6% of the total number of Chinese Internet users. The QQ software service ranks second, with 60% of Internet users using it. Taobao ranked third (24.1%), is the largest among fast-growing online marketing platforms.

China has the world's largest online population, with more than 830 million Internet users. The penetration rate, however, is 64.5%, leaving significant room for growth. After studying the gender and age structure of online shoppers in China, we concluded that a large share comprises men 52%, women, 48%. Male buyers most often purchase electronic goods, while female buyers usually purchase clothing, cosmetics, interior items, and children's goods. Among the products sold online, clothing and consumer electronics are the most popular categories, accounting for almost 50% of all sales, other categories: cosmetics 5%, children's goods 5%, books 3% and food and beverages 2%. Most online shoppers are between the ages of 20 and 39. The largest user group are students (25%).

The main drivers of E-Commerce growth in China are the development of technological infrastructure and its support. The range of 3G and 4G mobile networks continues to expand, and the level of smartphone penetration is growing. Logistics systems are being improved, and service standards often include delivery on the day of the order with minimal costs. Besides, online payment platforms such as Alipay and WeChat Pay have simplified online payments and expanded credit cards usage.

Alibaba Group founded Taobao in 2003. Initially, the platform worked in the C2C format, allowing individual sellers and small business owners to sell their products to various buyers. In 2006 Alibaba Group announced the launch of B2C services on Taobao.com, which expanded its E-Commerce model to include major manufacturers and retailers' products and services. Currently, transactions on the Taobao platform are made in the following formats: B2C, B2B and C2C. In its development, Taobao uses an effective marketing strategy to combat the current competition in the market. Among the platform's strengths are accurate positioning in the market, comprehensive cooperation with banks, security guarantees during purchase and transportation, and the right marketing strategy. Taobao uses some specific marketing strategies in its operations. A experienced marketing strategy that directly attracts consumers to invites and encourages them to participate in the brand's development. Instead of being passive recipients of messages, consumers actively participate in the production and co-creation of marketing programs, developing relationships with the brand. A differentiated marketing strategy focused on different market segments. Relying on different sets of data, including product, price, product quality, placement, and advertising program configured specifically for a particular segment, allows you to better meet consumers' needs in these segments. According to the Alexa Traffic Rank, Taobao is ranked 8th globally and 4th most popular in China. The rating is calculated using a combination of the average daily visitors and pageviews over the past three months. Taobao mostly attracts users from Japan, South Korea, the United States, and Taiwan.

Alibaba is currently implementing the Rural Taobao program to increase consumption and trade among the 600 million people living in rural China. Alibaba has set up service centers in villages where villagers can buy and sell products with service centre operators' help. In 2009, groups of rural online entrepreneurs started appearing in China and opened stores on "Taobao Villages". The first village to engage in E-Commerce was Dongfeng village in Jiangsu province (Qi, Zheng, and Guo, 2019). More than 1,000 families joined the digital economy by participating in furniture manufacturing and selling their finished products over the Internet. Since then, the number of Taobao villages has grown, and these villages have become a significant factor in developing rural E-Commerce in China.

5. Comparative analysis of B2C platforms in Russia and China

5.1 Comparative analysis of platforms based on the criteria of the marketing mix

The companies studied in this paper are Taobao and OZON.ru. They operate in emerging E-Commerce markets and have great potential for further development. One of the most important threats to the growth of companies is the constant change in market trends. E-Commerce is constantly evolving, and new ways to meet the needs of online customers are emerging. To remain competitive, companies must constantly monitor market trends and change their offer depending on customer demand. Considering the high competition in the fast-growing B2C E-Commerce market, companies should increase their investment in building and implementing the right marketing strategy, which will ensure a profitable positioning in the market. Companies can use a combined strategy aimed at realizing their competitive advantages and developing the E-Commerce market. Specific development and improvement measures OZON.ru and other Russian B2C E-Commerce platforms are considered within the marketing mix theory framework are presented below.

5.1.1. Product

The range of products presented on the B2C platform must be balanced. Initially, you need to study the needs of potential buyers in the product. This task can be solved using the first component of the marketing-mix "Product". Despite the differences in the business environment and technical characteristics of Taobao and OZON.ru, there are several common features between these two companies. Taobao and OZON.ru offer a wide range of products. OZON.ru offers its customers more than 4 million products, and Taobao's website has almost 200 times more than 800 million. Taobao, as well as OZON.ru they offer unique products. They allow their customers to choose from a wide range of products and brands. All information on websites is classified by

group, brand, function, colour, and other parameters, depending on the category in which the search is performed. To search for the right products on Taobao and OZON.ru, the consumer can use the search bar. Both sites have advanced search with the ability to restrict search results using certain filters. Found products can be sorted by rating, price, and popularity. Taobao automatically classifies product text and images and uses tags to match them. Using semantic search is intended to solve a problem that text keywords cannot solve. Taobao has an image search that allows you to display matches with the database. This functionality allows users to compare prices online by viewing products, for example, in an offline store.

The assortment of online stores is presented in the form of constantly updated classified catalogues. Each product is placed on a separate page with photos, detailed descriptions, and output data. Taobao can offer customers more products and services than the Russian platform. Some categories are under development OZON.ru, and several categories are not currently available on the Russian platform. Based on the product range. Taobao, OZON.ru informing its policy, should consider cultural differences and the possible level of demand for a particular product. Among the possible ways to further develop and attract new clients of the platform OZON.ru, you can highlight the offer of food products with an expanded range, comparable to an offline supermarket, on the B2C platform. It is also possible to expand the range by providing educational services, training programs and individual services. Taobao offers services that allow you to create products based on customer ideas, such as, for example, cups, t-shirts, calendars and icons with the individual application. The site presents the "Do it yourself" service, a method of creating or modifying things without professionals' direct help. Besides, both companies can offer their platforms for placing products of well-known brands. This will increase consumers' reach at the expense of residents of cities at the provincial and subprovincial levels, where brands do not have a retail presence and expand the range of B2C platforms. The development of an innovation platform can help promote Taobao and OZON.ru in E-Commerce markets and customer retention.

5.1.2. Price

OZON.ru uses market pricing as its pricing policy. The company adapts to current market prices. The advantage of this pricing strategy is more competitive prices that are affordable and attractive to target consumers. The company's specialists use a dynamic pricing system that allows the store to quickly respond to fluctuations in demand, effectively manage sales, and offer users optimal product prices. The company tracks product prices daily using the Competera Price Intelligence service (a price tracking system for retail E-Commerce platforms that processes up to 12,000,000 indicators per day).

In their activities, Taobao and OZON.ru use pricing that allows you to address the customer on an emotional rather than rational basis. The most common example of psychological pricing is the price of a product at \$ 9.99. Taobao uses low prices as a way to attract customers to the site. And also, fixed-price sales formats and auctions are available on Taobao. However, most products are sold at a fixed price. Among China's payment methods, there are two most popular: Alipay, the escrow system, and cash on delivery.

Given that customers pay great attention to payment security when making a purchase decision, Alipay has developed its payment system. Alipay is a reliable means of payment, as it has the function of depositing funds. If the buyer is willing to pay the seller for the product, the money will first be credited to their Alipay account, and the seller will be informed of the payment for the product. After the buyer receives the product, they will confirm the payment in Alipay, and the seller will receive the payment. Payment methods in OZON.ru are distributed as follows: 40% prepayment, for example, using Bank cards, 60% in cash to the courier upon delivery of the product. Besides, OZON.ru offers electronic POS-lending services, which are issued directly on the platform. Both companies use flexible and personal pricing methods. Product prices are dynamic and depend on market conditions. In their pricing policy, companies should focus on a wide range of consumers.

5.1.3. Promotion

Advertising serves as the main means of communication with the target market. On Taobao sites and OZON.ru, the article presents ads aimed at consumers based on social, demographic, and behavioural characteristics, increasing online advertising's effectiveness when selling products. Also, Taobao and OZON.ru use sales promotion as a secondary strategy to attract customers. To increase sales, Taobao uses discounts and the several special offers. First, promotional events related to popular Chinese holidays and festivals: Spring festival ("Chinese New year"), Valentine's Day (February 14), dragon boat festival (June), mid-autumn festival (September/October), "bachelor Day" (November 11), 12.12 (December 12), Christmas (end of December). Sales held on 11.11 and 12.12 are considered the largest days in sales in the field of E-Commerce. Secondly, promotional section-Daily offers. Customers can find thousands of products at very discounted prices (80%-90% of normal retail prices). Only a certain quantity is available at a reduced price and for a limited period. Third, the platform section is a sale where consumers can find branded products with big discounts. These items are available for a limited period, as long as there is a certain stock.

Another area of promotion of the B2C E-Commerce platform is effective communication. In addition to e-mail and mailing address, there is a 24-hour call center that answers any questions and accepts offers. Taobao

provides users with chat to ensure real-time communication between participants. Besides providing instant communication between buyers and sellers, Taobao provides all users with an online community where people can share information about purchases and other experiences. Taobao Newsfeed provides consumers with interesting news and content related to shopping and retail. Before making a purchase, Taobao users usually study reviews and compare products from one store with those from others. For every trade transaction on Taobao, there is a section of customer reviews, which determines the sales volume for the store. Therefore, store owners often make efforts to maximize the number of positive reviews and exclude negative ones.

Shop window OZON.ru is a popular interactive platform that enjoys a high level of user confidence. OZON.ru offers placement of advertising banners with links to the web resource's internal pages, sending E-mail with the attachment of advertising materials throughout the client base, providing advertising products. In terms of marketing communications, the company uses television, radio, outdoor advertising, the Internet, and BTL tools; in internet marketing: contextual and mobile advertising, search optimization, social media marketing, e-mail. Taobao and OZON.ru have a wide range of tools and opportunities for promotion in the electronic environment. Analysis of the Taobao platform features showed that the most popular information services for consumers are product search by specified criteria and the ability to compare products, Calculation of the cost of purchasing goods (calculator of individual prices for goods and services), Ratings of products, services, manufacturers, and brands, Consulting services: "questions and answers" of an expert on product categories or an employee of the store, solving certain tasks (planning delivery, assembly, packaging, and other issues) and Free communication between regular customers. The platform should implement a customer relationship management (CRM) system to increase awareness and customer loyalty.

5.1.4. Place

Taobao and OZON.ru do not have physical stores, and companies use official websites and mobile apps as online sales channels. The website, as well as the Taobao mobile app, are full of photos and information. Taobao's colours are red and orange, which symbolize good luck in Chinese culture. Mobile Taobao is used by 369 million monthly active users and 150 million daily active users. The average Mobile Taobao user spends more than 20 minutes per day on the app. Mobile devices are currently the preferred way to access the Internet in China, especially when shopping online. In this regard, the Taobao social network's role is increasing to attract attention to sellers and their products. The most popular types of content on the web are live broadcasts and short videos that allow brands to share their information.

OZON.ru effectively uses the functions of the Internet for a clear and highly informative presentation of products. The site's advantage is its reference and information part, namely the bibliography, movie catalogue, database of personalities, archive of author reviews and comments, combined into a single system of links and relationships. OZON.ru is mainly intended for Russian-speaking users. Currently, the platform has four foreign showcases for the United States, Kazakhstan, Israel, and some European countries. These storefronts are presented on the main site. According to a World Bank report based on the logistics efficiency index (LPI), Russia ranked 75th out of 160, and China ranked 26th in 2018.

Taobao uses local courier services to transport parcels. There are quite a large number of companies in the market. Many sellers have their own Express delivery services that enter into partnership agreements with major Chinese companies. Besides, Taobao has launched an international delivery service that allows residents of different countries to make purchases. Delivery abroad is carried out by regular mail or EMS. In Russia, logistics processes require close attention, which is primarily due to the country's vast geography and significant differences in consumer needs and preferences in different regions. OZON.ru offers its users several ways to get orders. The company's partners in delivering orders across the Russian Federation are Russian post and TNT and SPSR delivery services. Besides, 26 cities have a network of Agency companies that deliver courier orders or offer to receive them at pick-up points. Using a network of agent companies significantly reduces the delivery time of orders. In Moscow and Saint Petersburg, where the vast majority of online store users live, an integrated logistics and delivery system has been implemented that allows OZON.ru guarantee delivery of orders within 24 hours after they are placed or on the same day. Since the website is the main place for selling goods and services to consumers, the main focus should be on improving the online store's technological aspects, improving the quality and convenience for users. For these purposes, you need to work with such aspects of the site as content, functionality, design, and structure.

Companies can improve their registration systems, making them more user-friendly. Companies can reduce the amount of data that needs to be filled in. Simplifying the user agreement can help the user. Solving these issues can increase the number of customers and consequently increase the level of sales. Also, Taobao, as well as OZON.ru they can increase sales by allowing anonymous customers to place orders. Each new country is considered a new market that creates growth opportunities for companies. The strategic goal related to companies' growth is that Taobao and OZON.ru have created additional retail platforms focused on local consumers and currency. Initially, you need to solve the language barrier by developing a translated version of the platform. At the moment, Taobao, as well as OZON.ru, do not have an English version.

One of the main priorities of Taobao and OZON.ru the site's security should be improved. When using an E-Commerce system, one of the most important issues is the degree of protection of user information and data. As the trend towards online transactions continues to grow, the number and types of attacks on online payment systems' security will increase. Therefore, it is very important to make the Internet safe for buying and selling goods online. Customers should trust an E-Commerce system that will store information, such as credit card numbers, addresses, and purchase records. B2C platforms must continually improve security by ensuring confidentiality, integrity, and availability where confidentiality guarantees that only authorized parties can read the protected information, integrity ensures that data remains from the sender to the recipient, and availability ensures that the user has access and authorization to resources. Since Taobao and OZON.ru are B2C platforms, and websites are their places of sale. Currently, mobile applications are widely used, which provide consumers with more features and capabilities. The main method of delivering goods to users, if it is not a digital product, in both online stores is courier delivery. The main difference is the degree of development of the logistics system in China and Russia, which significantly impacts delivery.

5.2. Possible areas of cooperation

At present, when the pace of globalization is becoming higher, the cooperation of E-Commerce platforms is a natural step. The volumes of cross-border E-Commerce is constantly growing. E-Commerce is becoming a new growth point and one of the most promising trade and economic cooperation between China and Russia. The market of Internet-trade of China is superior to the Russian in several ways. China's success in E-Commerce is largely due to the strong focus on the B2C segment, as consumer goods are in high demand. In recent years, China-Russia cooperation in cross-border E-Commerce has been developing dynamically. Many Russian market participants are interested in working with more experienced partners and entering the Chinese market. In this regard, cooperation agreements are being signed, and joint ventures are being established to develop corporate E-Commerce. Speaking about the prospects for China-Russia cross-border E-Commerce, it can be noted that thanks to the "one belt, one road" initiative, cross-border E-Commerce will be developed, allowing more enterprises to integrate into the global supply chain and contribute to the emergence of new points of economic growth.

Today, there is an increase in cooperation on cross-border cooperation in E-Commerce between China and Russia. Previously, Chinese goods were mainly exported to Russia, but now an increasing number of Russian enterprises are finding opportunities to expand their supply channels to China. Russian consumers show favour to Chinese industrial goods, technological equipment and spare parts. In turn, Chinese consumers are interested in Russian sweets and natural food products, cosmetics. Cross-border E-Commerce is becoming a new growth point in trade between China and Russia and shows an active trend towards interaction.

Chinese Internet platforms are the most popular among Russian buyers of all foreign E-Commerce platforms. According to the Russian Association of internet companies, in terms of cross-border E-Commerce, Russians often order goods from China. Some Chinese online shopping companies, such as Alibaba and Jindong, are already actively expanding their business in Russia, successfully launching Russian portals, improving service quality, and gaining popularity among consumers. Russian consumers are mainly interested in Chinese goods such as clothing, shoes and hats, children's goods, mobile phones and tablet computers. Since Taobao offers a wide range of products at affordable prices, it has great development potential. The most profitable way for Taobao to enter the Russian market and the development of OZON.ru, we consider the cooperation of the two companies in the field of retail E-Commerce.

Taobao can offer its products to Russian customers on the platform OZON.ru. In addition to expanding the sales market, Taobao can get several advantages, such as a developed logistics system and cooperation with Russia's various payment systems. So how OZON.ru has its logistics capabilities, which will help reduce the delivery time of Chinese goods to Russian consumers, and the presence of warehouses in Russia will provide after-sales service for Chinese goods sold over the Internet. Therefore, this will encourage the development of consumption methods, which will lead to an increase in the volume of Taobao trade and the development of cross-border E-Commerce between countries. Returning the product and after-sales service will help improve online shopping for Russian customers, creating a good reputation for Chinese products.

With the growth of online trade in China, Russia can use the advantages of E-Commerce to promote Russian products in China. For example, Russian food, Souvenirs. We believe that OZON.ru can offer Russian products on the Chinese market by placing them on the Taobao trading platform. With the growing penetration of high-speed Internet in the regions and the growing popularity of E-Commerce platforms, it is quite possible to create high-tech villages OZON.ru in Russia. Russia has a huge potential for creating high-tech villages like Taobao villages-communities, whose economy depends entirely on the production of goods sold by China's largest online stores. The development of such qualities of villages will contribute to rural development, employment, creation of new jobs, and logistics infrastructure development.

Both companies can offer national products produced by the residents of such villages on the market. In addition to the commodity exchange, this will help strengthen cultural ties, exchange traditions, and expand the

commodity market. Russian companies will be able to use the experience gained in cooperation with Chinese companies to develop and expand the geography of Russian-Chinese cross-border E-Commerce. E-Commerce will significantly reduce trade costs, meet the diverse needs of consumers in the two countries, develop logistics, create the necessary infrastructure, and develop Internet technologies, strengthening trade and economic ties between China and Russia.

CONCLUSION

In modern conditions of globalization and the development of the Internet, which covers almost the entire world, E-Commerce and online trading have great prospects. Currently, E-Commerce is changing the original structure of the economy, the traditional model of economic growth, and the mode of operation. E-Commerce has created new opportunities related to business models and integration between distribution channels. Companies at all stages must change their way of doing business, from the manufacturer to distributors and buyers. Online trading has significant advantages for business: it reduces the transaction costs and expands the trade area, extends outsourcing, provides the ability to automate the trading and technological processes, enhances marketing research, reduces the cost of creating a traditional commercial enterprise and others. This is also beneficial for customers: giving them more control in searching and choosing from a large volume of products presented and the convenience of remote transactions. The audience of buyers on the Internet is quite large, and it tends to grow rapidly, along with the number of online stores and electronic trading platforms and the range of products presented in them. E-Commerce will be more complex and competitive, companies need to be more customer-oriented, and they need to be more flexible and innovative. Taobao and OZON.ru are the largest E-Commerce platforms in China and Russia. Companies sell a wide range of products online. The product range management process should help you create a rational product range, maintain product competitiveness at the required level, and search for optimal product segments. Thus, working on implementing more products can allow companies to expand their customer base. They can make their websites so that it is easier for the customer to search for details.

Taobao and OZON.ru should be focused on improving the technological aspects of online stores, improving the quality and convenience for users. For these purposes, you need to work with such aspects of the site as content, functionality, design, and structure. B2C E-Commerce platforms must continually improve security by ensuring confidentiality, integrity, and availability. Besides, companies should develop pricing policies that allow them to target a wide range of consumers. With the use of different pricing approaches, businesses in E-Commerce will be more efficient, profitable and sustainable in the long term.

Companies can also take steps to enter international markets and build a large independent scale logistics network. There are several development factors can be identified as OZON.ru and other Russian B2C E-Commerce platforms. Such as using effective advertising tools as special content projects, development of new products and services and their presentation on the Russian online market, segmentation of the market to provide more specialized services and strengthening the logistics system. Besides, development of a customer relationship management system, payment system, additional online distribution channels, a website in English and access to international markets will help to develop E-commerce platform in Russia. Sixty-nine categories and groups within them, as well as the geography of sales. From this point of view, there are no stores on the Russian Internet that offer a comparable range of products and cover such a wide range of regions with delivery services. As the largest online shopping platform in China, Taobao has great potential for developing new network marketing. One of the possible ways to develop Taobao and OZON.ru is a collaboration between two companies in online retail.

A comparative analysis of the experience of developing E-Commerce in Russia and China has shown specific features due to both national and general economic conditions and differences in the organization of business activities in this area. The use of the most advanced approaches used in Chinese practice, such as using a special information platform for settlements with clients, a system of secure payments and various types of promotion, will help increase the efficiency of Russian online commerce. To sum up, there is no denying that the future of the online shopping market in China and Russia is promising. According to statistics, it is in the stage of sustainable development.

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Conflicts of interest statement

The authors declare no conflict of interest.

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