

**RESEARCH ON THE DEVELOPMENT STRATEGY OF THE
THAI PAVILION IN YIWU INTERNATIONAL
TRADE CITY, CHINA**



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**A Dissertation Submitted in Partial
Fulfillment of the Requirements for the Degree of
Doctor of Philosophy (Management)
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TRADE CITY, CHINA**

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ABSTRACT

Title of Dissertation	RESEARCH ON THE DEVELOPMENT STRATEGY OF THE THAI PAVILION IN YIWU INTERNATIONAL TRADE CITY, CHINA
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China Yiwu International Trade City Thailand Pavilion development strategy research has two main purposes: 1) to understand the Chinese people's perception and recognition to Thai goods, 2) to develop the Thai Pavilion's market strategy to promote the development of the Thailand Pavilion.

This study adopts a combination method of quantitative research and qualitative research. Quantitative research mainly uses questionnaires to conduct random questions and answers among 200 customers in Yiwu International Trade City, China. During a period from Monday to Sunday, questionnaires were distributed in the Trade City and collected in time. The collected questionnaires were processed through manual statistics and were reorganized and analyzed using EXCEL and SPSS, mainly focus on the number of average and percentage. Qualitative research mainly includes literature research method, in-depth interview method, and group discussion. The research objects of this study are customers in Yiwu Trade City, as well as officers in charge of business trade. This study has made in-depth interviews with people who are familiar with trades between China and Thailand, Yiwu Trade City, and the Thai Pavilion, including: 2 staff members of the Thai Pavilion, employees in 2 neighbors of the Yiwu Trade City Thai Pavilion (totally 4 persons), and 3 long-term customers of the Thai Pavilion, 3 non-Thailand Pavilion customers, 3 government officers, which is a total of 15 people. The researchers sorted out the interview data, classified it, and formed interview materials. Then based on this, they conducted qualitative research, referred to the main theory and actual situation, and finally formed a research report.

Research results: 1) China and Thailand are close neighbors of each other and have a history of friendly exchanges for thousands of years. Since the formal

establishment of diplomatic relations in 1975, the economic and trade cooperation between the two countries has shown a flourishing development. Bilateral trade and two-way investment increased rapidly. With the completion of the China-ASEAN Free Trade Area and the development of the “One Town One Product” project in Thailand, the Thai Pavilion of Yiwu International Trade City in China arised at the historic moment. 2) The products of the Thai Pavilion mainly include Thai crocodile leather products, including: crocodile belts, crocodile leather wallets, etc.; cubiloses with pure natural characteristics of Thailand; dried durian and dried longan which were made from tropical fruits with Thai characteristics etc.; Thai fragrant rice; Thai-style decorative crafts; Thai massage essential oils and herbal soaps; after years of business development, the company's management is increasingly formalized. They have team work, marketing strategy development team, sales team, pricing of goods, etc. But there still exists many shortcomings. Through quantitative and qualitative research, data collection and analysis, we found that the company needs further improvement. We have seen that most people know about Thai products. The quality of Thai products are accepted by Chinese people, both on its production, packaging design and labeling. The products are novel in design with good quality of raw materials, not mention its nice product image and food safety, which all leave a good impression about Thai products. Thai products are moderately priced, neither very expensive nor very cheap. Although the price of Thai products in Thailand is relatively cheap, the price of Thai products in China is more expensive than in Thailand, as there are transportation logistics, taxation, customs clearance fees, etc., but compared with Chinese products of the same quality, they are still cheaper. 3) Strategy: Strengthen the internal management, continue to maintain the superiority of Thai Pavilion's distinctive products, and actively adjust itself in the background of the one belt and road, interconnection and interworking and territorialization which are all great opportunities, actively introduce cross-border e-commerce method, and combine online and offline forms to make the Thai pavilion even more powerful and flourishing.

Keywords: Thai Pavilion; Thai products; development; strategy

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CHAPTER 1

INTRODUCTION

1.1 The Origin and Importance of the Problem

The economic and trade exchanges between China and Thailand has a long history. During the Ming Dynasty in China, Zheng He led the fleet to Siam (the old name of Thailand), and exchanged with Thailand, and established trade through barter. Since then, trade between China and Thailand has gradually stabilized, and the red-headed ship has become a symbol of maritime trade between China and Thailand. Developed maritime trade has also contributed to Thailand becoming an important country along the “Maritime Silk Road” of China.

Historically, Thailand has played a decisive role in economic and political influence in Southeast Asia. Since modern times, Thailand has vigorously developed modern agriculture, realized the export of bulk commodities such as rice and rubber, and once dominated the pricing of international market.

Since the establishment of diplomatic relations between China and Thailand in 1975, the trade volume between China and Thailand has remained stable in overall. Especially during the period of China's reform and opening up and after Thailand's recovery from the 1997 Asian economic crisis, the scale of trade between China and Thailand has continued to expand.

After the establishment of diplomatic relations between China and Thailand in 1975, the China-Thailand Trade Agreement and the Sino-Thai Economic Joint Commission Agreement were signed in 1978, marking the official opening of economic and trade cooperation between China and Thailand. Since then, China and

Thailand have entered the period of quick development in bilateral trade. China and Thailand trade mainly on commodities, Thailand mainly imports oil from China, and China imports rice and other agricultural products from Thailand.

In 1997, Thailand suffered heavy losses from the Asian financial crisis. Thailand retreated from the most dazzling emerging industrial countries in Southeast Asia back to the agricultural country over one night. In the following years, the Thai economy has stagnated and regressed due to severe injuries. The trade volume between China and Thailand fell for a short period of time after 1997, but as the Thai economy gradually recovered from the economic crisis, Sino-Thai trade entered a period of rapid growth.

In 2001, Thaksin Shinawatra government made a profitable growth of Thai economics in the short term through the restructuring of state-owned enterprises and the manipulation of international rubber and rice prices. In April 2012, during his visit to China, Yingluck Sinava confirmed the "comprehensive strategic partnership of cooperation" between China and Thailand and put forward the willingness to strengthen economic and trade cooperation between China and Thailand and increase cooperation in infrastructure construction.

Thailand's political turmoil for 10 consecutive years in 2006-2016 has caused Thailand to miss a period of key industrial upgrading and transition, and Thailand's future economic development is in dire straits. At the same time, however, the rapid rise of China's light industry and electronic information industry has changed the trade structure between Thailand and China. Thailand's dependence on Chinese machinery and high-tech products has increased, and China's demand for various consumer products from Thailand has risen sharply due to the improvement of people's living conditions.

Table 1.1 Import and Export Trade between China and Thailand During 2012-2016

Time	Total Import and Export	Total Export	Total Imports
2012	6975086	3119620	3855466
2013	7124055	3271790	3852265
2014	7262116	3428923	3833193
2015	7545955	3829080	3716875
2016	7572743	3719508	3853234

Source: National Bureau of Statistics of China (NBS), 2018.

Note: Unit: (USD 10,000)

The trade volume between China and Thailand increased from 25 million US dollars in 1975 to only 6.624 billion yuan in 2000. However, the bilateral trade volume in 2016 has reached 75 billion US dollars, which was 3,000 times that of 40 years ago. In recent years, with the deepening of China-ASEAN cooperation and the proposal of China's "One Belt and One Road", the overall trade scale between China and Thailand has further increased.

At the same time as the trade volume between China and Thailand increased, the direct investment between the two sides also witnessed a spurt of growth with the construction of the China-ASEAN Free Trade Area and China's "One Belt and One Road". A large number of Chinese companies came out to set up branch companies and factories in Thailand, making Thailand as a forward base for entering the ASEAN market. Haier, Huawei, ZTE, Bank of China, Industrial and Commercial Bank of China, Kirin Tire, Country Garden and other leading Chinese manufacturing, financial services and real estate industry companies set up branches in Thailand and quickly integrated into the Thai market to achieve periodical success. China's domestic market is tremendous. China's reform and opening up has attracted some Thai companies including Zhengda Group and Red Bull Group to invest. After the "One Belt and One Road" proposal, China has become a world market, and cross-

border e-commerce and cross-border service demand is growing rapidly. Thailand Kaitai Bank, Snail White, Little boss and other financial services, food and consumer goods companies began to enter China.

In terms of investment, China's direct non-financial investment in Thailand in 2011 was USD 206 million. As of the end of that year, the investment stock was approximately USD 770 million: in the same year, there were 47 Thai-to-China direct investment projects, contractual foreign investment was USD 302 million, and actual foreign investment was USD 101 million, which has a year-on-year increase of 97.1%. China has become Thailand's largest export market and the second largest source of investment. Thailand is China's second largest trading partner in ASEAN.

At present, trade information between China and Thailand still relies on regular or irregular exhibitions, including the platforms of ASEAN Expo, China Import and Export Fair, and cross-border e-commerce product fairs etc. Thai products have a certain reputation in China, but still lack a long-term display and sales platform. The Thai Pavilion of China Yiwu International Trade City is a pavilion featuring Thai product display, experience and sales. The Thai Pavilion is also a Thai import company established in China. The emergence of the Thai Pavilion of Yiwu International Trade City in China has filled a blank space in the sales of Thai products in China, made it easier for Chinese agents, wholesalers and consumers to contact and order Thai products, and became a new path to promote the export of Thai products to China.

In 1982, Yiwu took the lead in the nationwide to set up the small commodity market: in 1984, it proposed the slogan of "Prospering the business to Establish the City", and since then it has been the development strategy that Yiwu has always adhered to. In 1993, the strategy of "promoting the commonweal by upward, trade and industry linkage" was implemented, and formed the industrial system which was closely linked with professional market; in 1998, the implementation of urbanization

strategy, gradually formed a modern business name; in 2003 it has gradually formed the world's largest small commodity wholesale market, and evolved into an international business city; in 2005, authorities such as the United Nations, the World Bank and Morgan Stanley called Yiwu as “the world's largest small commodity wholesale market”, in 2006, the CPC, Zhejiang Provincial Party Committee party committee and the provincial government summarized “the development experience of Yiwu”; in 2008, Yiwu was listed as one of the 18 scenic spots in the national reform and opening up. In 2011, the pilot program for comprehensive reform of Yiwu international trade set sail and started construction with the international material market that echoed with the International Trade City.

In Yiwu City, more than 400,000 foreign businessmen come to purchase each year, and 2,890 overseas enterprises in nearly 100 countries and regions set up resident offices in Yiwu.

At the same time, Yiwu also has 361 foreign trade enterprises and 1262 foreign investment cooperation enterprises.

At the same time, Yiwu is also a national strategic node city of “One Belt, One Road” and is committed to build a major path way for international trade. The normalized operation of “Yixinou” railway goes across Eurasian with a the start point of Yiwu, railway ports were approved for temporary opening. Functional platforms such as Bonded Logistics Center (Type B), International Mail Exchange Bureau, and Cross-border E-Commerce Supervision Center are put into use. The airport is officially opened, and the international (regional) routes such as from Yiwu to Hong Kong, Taiwan, Bangkok, and Seoul, Korea are initiated. Yiwu Customs and Ningbo Port and Shanghai Port implemented cross-straits to go through one-stop customs clearance.

Yiwu International Trade City has opened an import commodity hall of 100,000 square meters and has introduced more than 100,000 overseas goods in more than 90 countries and regions.

The Import Commodities Pavilion and the African Commodity Exhibition Center of Yiwu International Trade City have brought together 45,000 kinds of commodities in 83 countries and regions on five continents. More than 13,000 foreign companies from more than 100 countries and regions have settled in the International Commodity City reaching a market extroversion of 65%.

During his visit, Chinese President Xi Jinping praised Yiwu as the Commodity Capital of the World.

The Thai Pavilion of China Yiwu International Trade City was established on June 28, 2011. It is a joint venture established by the Chairman of the Thai General Chamber of Commerce of Jiangsu, Zhejiang and Shanghai together with the members of the Chamber of Commerce. It has become a wholly foreign-owned enterprise after the equity adjustment. The Thai Pavilion of China Yiwu International Trade City is located at Gate 107 of the 5th District of the International Trade City Import Commodity Hall.

Since the establishment of the Thai Pavilion of Yiwu International Trade City in China, although the progress has been relatively smooth, Thai goods have been loved by some people, but it has always been a difficult problem to open up the situation, expand operations and increase trade volume.

The Thailand Pavilion can be said to be a symbol of economic and trade cooperation between China and Thailand. It is a touchstone, a great demonstration of the acceptance of Thai goods in the Chinese market and the promotion of trade between China and Thailand.

1.2 Research Purposes

- 1) In order to understand the Chinese people's perception and recognition of Thai goods.
- 2) In order to develop the market strategy of the Thai Pavilion to promote the development of the Thai Pavilion.

1.3 Research Scope

- 1) Content category: This paper mainly studies the development strategy of the Thailand Pavilion of China Yiwu International Trade City, which involves: the history of Thailand's economic development, the Sino-Thai economic and trade cooperation relationship, the characteristics of Thai goods, and the Chinese people's perception and recognition of Thai goods, business management, market development, etc.
- 2) Geographical category: Yiwu City, Zhejiang Province, China.
- 3) Time Category: From the opening in 2011 to August 2018 (Collecting data deadline)

1.4 Expected Results

- 1) Understand the Chinese people's perception and recognition of Thai goods.
- 2) The market strategy of the Thai Pavilion can be formulated based on the research results to promote the development of the Thai Pavilion.
- 3) Become a demonstration project to promote Sino-Thai economic and trade cooperation.
- 4) Promote the commodities of small and medium-sized enterprises in Thailand, and the entering of “one town one product” in Chinese market.

- 5) Increase the income of Thai SME owners and improve their living standards.



CHAPTER 2

LITERATURE REVIEW

The research on the development strategy of the Thai Pavilion of China Yiwu International Trade City belongs to research of business management category. It involves a wide range of theories, mainly including the following theories,

- 1) International Trade Theory
- 2) International Investment Theory
- 3) Marketing Theory
- 4) Consumer Behavior Theory and
- 5) Corporate Strategy Formulation Theory

2.1 Main Theories and Concepts

2.1.1 International Trade Theory

The theory of international trade mainly explains the emergence and necessity of international trade and the state's response to international trade.

The theory of international trade includes four historical stages, classical international trade theory, neoclassical international trade theory, new trade theory, and new emerging classical international trade theory.

Classical trade theory and neoclassical trade theory believe that the market is a Perfectly Competitive Market. The market is regulated by market rules, and the government should not intervene in the market.

Classical trade theory and neo-classical trade theory propose the mutual benefit of trade and explain the trade between industries.

It illustrates the phenomenon that in a single country or region, the international trade only exports or imports products in the same industrial sector within a certain period of time.

After the Second World War, international trade was accompanied by changes in global economic recovery and development. The new situation prompted new economic and trade theories to emerge, and the theory that international trade was based on a perfectly competitive market was challenged. New trade theory and new emerging classical international trade theory emerged, explaining international trade from the aspects of incomplete competition, economic scale, and technological development etc.

2.1.1.1 Classical

Classical international trade theory was proposed in the mid-18th century. The main ideas and theories include mercantilism, physiocratic school, absolute advantage theory, comparative advantage theory, protection trade theory, and mutual demand theory.

1) Mercantilism is the trade theory put forward by Thomas Mun in the late 15th and early 16th centuries. At that time, Britain was in the period of primitive accumulation of capitalism, so the accumulation of wealth became the main function of international trade.

Mercantilism regards gold and silver as the sole measure of wealth, and international trade can obtain gold and silver. Therefore, mercantilism supports the international trade surplus, which will enable the country to obtain more gold and silver to complete capital accumulation.

2) The physiocratic school is the trade theory proposed by F. Quesnay at the end of the 17th century. Physiocratic school believes that agriculture and free economy are important in international trade and advocates natural order and free trade in order to achieve market balance and price stability.

3) Absolute advantage theory is the international trade theory put forward by Adam Smith at the end of the 18th century. The theory of absolute advantage is based on the theory of production division.

Adam Smith proposed (in the *Wealth of Nations*) that international trade is based on absolute differences in productivity and production costs, and that these differences are due to innate natural environments and production condition.

Adam Smith suggested that all countries should use their own superior products to trade with other countries, so as to obtain products at a disadvantage of production in order to maximize the interests of all countries and further promote division of labor and exchange.

Adam Smith suggested that the production efficiency difference between countries is not absolute, production efficiency is higher on one product, and production efficiency on other products may be lower.

Therefore, countries should produce products with absolute advantages in their own production efficiency and export these products.

The assumption of absolute advantage theory, 1) Assume that there are only two products in two countries for trade. 2) The two countries use different production technologies, and technological differences affect labor productivity, which ultimately leads to differences in production costs. 3) Assume that the commodity exchange method is barter. 4) There is a complete competitive relationship between the commodity and factor markets of the two countries. 5) The production cost is the same before and after the division of labor. 6) Does not include transaction and shipping fees, does not include customs duties or other fees, or fees can be ignored. 7) Free market, free trade. 8) The international environment does not affect the division of labor and economic changes. 9) The resources of both countries

can be fully utilized and there are no unused resources. 10) Trade between the two countries is balanced.

In general, the theory of absolute advantage can be summarized as follows: Two countries with only two products have differences in production efficiency, but at the same time there is no scale economies and no scientific and technological progress and capital accumulation or economic development. Trade between them is also done under the framework of free trade and a completely competitive market. At the same time, it is assumed that the trade between the two countries is required to be carried out in the form of barter exchange. Products can freely flow in one of the countries, but they cannot flow between the two countries.

The idealized assumptions of the theory of absolute advantage lead to challenges after the increasing complexity of international trade, because the emergence of two countries with only two different commodities and complementary absolute advantages is contingent, so the theory of absolute advantage does not have universal guidance significance.

4) The theory of comparative advantage is David Ricardo's theory of comparative advantage proposed in Political Economy and Taxation Principles. David Ricardo agrees with the idea that the market is regulated by market rules and believes that market rules apply equally to international trade. At the same time, he also supports free trade. He believes that international trade is not limited to absolute cost differences. As long as there is a comparative advantage, it can participate in international trade through the production of products with small differences in labor productivity.

The theory of comparative advantage holds that there is not a big labor productivity difference between the two countries in every product. Therefore, the country should export more advantageous products and import more inferior products, thus saving labor and improving labor productivity. The theory of

comparative advantage accelerates social and economic development and provides theoretical support for free trade.

At the same time, it also provides guidance for trade between developing and developed countries.

There is also a deficiency in comparative advantage theory. Based on comparative cost theory, David Ricardo proposed comparative advantage theory. There are nine hypotheses in comparative cost theory. These hypotheses define the world as a static world, and there is no change and mobility between countries. Therefore, the analysis of comparative costs is based on static analysis.

Hypotheses of comparative cost theory, 1) Assume that there are only two products in two countries for trade. 2) Agree with the theory of labor value and believe that all types of labor are homogeneous. 3) Production costs do not change. 4) Does not include transaction and shipping charges. 5) The factors of production are freely flowing within the country and cannot flow between countries. 6) The markets of the two countries are completely competitive markets. 7) The income distribution after the division of labor has not changed. 8) Assume that the exchange method of commodity is barter. 9) No technological progress, the world maintains a static balance.

Through comparative advantage theory, it can be argued that regardless of whether or not the state has the best production efficiency and produces absolute low-cost advantage products, free trade can make both sides profitable as long as there is a comparative advantage existing within the trading countries.

The theory of comparative advantage further proves that the absolute advantage theory proposed by Smith is only a special case in the comparative advantage theory, and the comparative advantage theory is more universal.

The assumption of comparative advantage theory also leads to the limitation of comparative advantage theory due to its breaking away from the

dynamic changes of the world. The country is not likely to have only the product with the highest production efficiency, the products are diversified, and the domestic will also produce products of the same quality with imported ones.

At the same time, according to the theory of comparative advantage, it is concluded that the greater the comparative advantage difference between the two countries, the greater the space for trade. It concluded that international trade should be mainly the behavior of developed and developing countries, but in fact international trade is mainly behavior between developed countries and developed countries.

Table 2.1 Comparison between Absolute Advantage Theory and Comparative

Advantage Theory	
Absolute Advantage Theory	Comparative Advantage Theory
1. Differences in production technology can cause absolute differences in labor productivity and production costs.	1. The basis of international trade is not limited to the absolute difference in production technology.
2. Integrated produce and export products with absolute advantages and import products without absolute advantages.	2. There is a relative difference in production technology between countries, and there will be a relative difference between production costs and product prices.

Source: revised by researcher, 2018.

Helpman and Krugman (1985). believes that the scale of the domestic market in international trade will affect the country's comparative advantage in the international area.

Krugman and Helpman further proposed a monopolistic competition model in the 1980s, and further promoted the theory of comparative advantage from the perspective of scale economy, arguing that the interaction between scale returns and market size would promote product diversity.

According to Helpman and Krugman, international trade products enrich the demands of consumers with a small number of national product categories, and these demands promote the improving of scale efficiency, thereby increase the relative advantage of the industry.

Helpman and Krugman (1985). further promoted the theory of comparative advantage, arguing that there is a multinational dynamic general equilibrium model of product innovation and international trade in international trade, through this multinational dynamic general equilibrium model, it can be used to derive the comparative advantage and the change of the world trade era brought about by R&D. The multinational dynamic general equilibrium model of Krugman and Elhanan Helpman changed the status of comparative advantage being only able to study the static situation and promote the development of comparative advantage research in the dynamic field. At the same time, Krugman and Elhanan Helpman also boldly proposed to promote private technology research and development.

Krugman and McGee proposed the influence of human capital allocation on comparative advantage theory, established a model of trade competition between countries, and proved the influence of human capital allocation on comparative advantage theory. They proposed that in countries with similar human capital, production of products should be based on the complementarities of human capital, and countries with non-similar human capital should produce products based on the complementarities of human capital.

In the 1990s, Tybout (1993). proposed increasing internal returns to scale to promote comparative advantage theory. Dollar and Wolff (1993). also questioned the theory of internal scale returns promoting comparative advantage. They believe that the impact of scale economy on comparative advantage mainly comes from intra-industry trade in developed countries, but the scale of these industries does not represent all the country's specialization, so the impact of increasing internal returns to scale on comparative advantage theory is actually limited.

5) Protection trade theory

List (1841). proposed in the National System of Political Economy that, the state should put in place a corresponding protection system according to its own extent of industrial development, also known as the nationalist trade protection policy theory. The difference between protection trade theory and mercantilism is that the state influences the national economy through the regulation of its own productivity and expands the international trade surplus.

The theory of protection trade emphasizes the influence of the government on international trade. The government restricts the participation of foreign commodities in the domestic market competition by formulating tariffs, import measures and commodity flow rules, thereby protecting the industries with weaker production efficiency.

6) Mutual demand theory

John Stuart Mill (1825) puts forward the theory that supply and demand determine the value of commodities in Principles of Political Economy and explains the distribution of trade interests between the two countries.

The more profitable theory illustrates the basis and interests of international trade between countries, but it does not clearly point out the problem of the distribution of interests between the two sides. The theory of mutual demand explains the scope of profitability of trade partners, the proportion of distribution of benefits, and illustrates the impact of changes in terms of trade on international trade.

2.1.1.2 Neoclassical

The neoclassical theory was gradually formed in the late 19th and early 20th centuries. The main theories of the neoclassical school include the H-O theory and the Leontief paradox.

1) Factor endowment theory (H-O theory)

Eli F Heckscher (1919). proposed that production costs affect the conditions differences in comparative advantage theory, that is the factor endowment theory.

Bertil G Ohlin (1930). proposed H-O theory in Inter-regional Trade and International Trade to further promote factor endowment theory. The H-O theory proposes that when the two countries have same technical level, there are two influencing factors in the production comparative cost difference, including the factor adequacy and the factor concentration of commodity production between the two countries. It is proposed that countries should give priority to produce products with sufficient domestic factors and obtain products that require intensive use of domestic scarce elements in the production process through trade.

In the 1940s, Palua A Samuelson proposed a mathematical model deduction for the H-O model and proposed the production factor price equalization theorem. The production factor price equalization theorem suggests that the impact of international trade on the income difference of countries will equalize the relative prices and absolute prices of production factors among countries. Under the condition that there is no transnational flow of factors, the effective allocation of production and

resources worldwide can be achieved only through the free trade of commodities. Through the production factor price equalization theorem, it also shows that no matter in which industry, international trade has a long-term impact on domestic production factors, the remuneration from exporting production which intensively use domestic abundance factors is increased, and the remuneration from importing production which intensively use domestic scarce factors is reduced.

The Rybczynski theorem argues that in the two-commodity world, if the relative price is fixed, growth of one production factor will reduce the production of another. It indicates that changes in factor endowments determine changes in resource allocation. Tadeusz Rybczynski (1955). in Factor Endowment and Relative Commodity Price, puts forward Rybczynski Theorem that when there are only two kinds of commodities in international trade, if the price of goods is unchanged, the growth of one production factor will reduce the production of another commodity, which proves that the change of factor endowment will affect the allocation of resources.

2) Leontief paradox

The H-O theory also has its limitations. Leontief used the H-O theory in the early 1950s to analyze the statistics of 200 industries in the United States in 1947 and found that the development of the US import and export trade structure is different from the conclusion of the H-O theory.

At the same time, after the Second World War, the increase in trade of similar products between countries, and the increase in trade between developed countries, as well as the development of science and technology and the emergence of multinational corporations, all led to the invalidity of H-O theory.

2.1.1.3 New Trade Theory

The emergence of new trade theory has overturned the conclusion that the product market is completely competitive in the classical and neoclassical international trade theory.

The new trade theory includes the new production factor theory, preference similarity theory / dynamic trade theory, intra-industry trade theory and national competitive advantage theory.

1) Theory of new production factors.

The new production factor theory includes natural resource theory, human capital theory, research and development doctrine, and information factors.

(1) Natural resource theory.

Vanek (1959). proposed the theory of natural resources, arguing that Leontief paradox can be explained by the scarcity of natural resources. J. Vanek's observation to US import and export products suggests that the natural resources imported by the United States need to consume large amounts of capital in development, which will lead to an increase in capital intensity in imported alternative products. If the impact on US resources is neglected, imports of US capital-intensive products will be less than exports.

(2) Human capital theory. DB Keesing, PB Kenen, and TW Schultz found in the study of H-O theory that the traditional division of labor ignores the role of human capital, but human capital has an important influence on the factor endowment theory, so it is believed that the human capital theory should be added to the production factors in the H-O theory.

The human capital theory emphasizes the role of talents in improving production efficiency. By improving the overall quality and professional skills of the labor force, it will increase production efficiency in addition to the influence of national factor adequacy.

(3) Technology R&D promotion theory. W. Gruber and R. Vernon (1968) believe that research and development related to technology and production will increase production efficiency and also it needs to consider the factors of production. The increase in the intensity of scientific and technological research and development of national products will enhance the competitiveness of national export products in international trade. Differences in the level of scientific and technological research and development may also affect the division of labor in international trade, resulting in changes in the international trade pattern.

(4) Information element theory. The development of communication technology and Internet technology in the 21st century has triggered the explosive development of global information.

The ability to acquire, process and transmit information will directly affect international trade practices and even further affect the country's international division of labor and international trade status.

At the same time, information transmission has changed from the original fixed channel and long-term transmission mode to the flat and rapid information transmission method which is shortening the distance between international supply and demand and has an important impact on both sides of international trade.

2) Preference similarity theory.

Linder (1961) again explored the causes of international trade in "On Trade and Transformation". S. B. Linder believes that the factor endowment theory (H-O theory) proposed by Eli F Heckscher can only explain the primary

products in international trade, and the overlapping needs are the decisive factors for the occurrence of two-way trade of industrial products.

The theory of preference similarity believes that the demand in international trade does not depend entirely on the factor adequacy and the factor concentration of commodity production between the two countries but comes from the demand of the importing country. At the same time, the extent of demand preference between the two countries determines international trade, demand structure and average income level.

3) Dynamic trade theory

Both the theory of absolute advantage, the theory of comparative advantage in classical theory, and the theory of factor endowment in neoclassical theory, they can only analyze the emergence and development of international trade from a static perspective. However, capital accumulation, scientific and technological progress, and improvement in production efficiency have proved that both sides of international trade are not static, so dynamic trade theory has also been proposed.

(1) Technological gap theory.

Michael V. Posner and G. G. Hofbauer (1989). argue that technology is a factor influencing factors of production. The advancement and spread of science and technology have changed the international division of labor, so that the factors affecting international trade are not limited to the definition of natural resources in the factor endowment theory. The technological gap is the improvement of production efficiency obtained by the state using technological innovation and technology patent protection, so that the use of technological gap becomes the influencing factor of factor endowment theory, and ultimately changes the international trade pattern.

(2) Product life cycle theory.

Vernon (1966). argues in the *International Investment and International Trade in the Product Life Cycle* that the reasons and development of international trade should be explained using life cycle theory. The product life cycle theory dynamics the comparative advantage theory and the resource endowment theory, thus illustrating the situation in which the original exporting country became an importing country after the Second World War.

Product life cycle theory assumes that information transfer between countries is limited, production functions are variable, and consumption structures of countries are different. It is pointed out that products have different needs for production factors at different stages of their life cycle, while the degree of production factor richness in different countries determines the country's product production stage and export status.

(3) Dynamic comparative advantage theory.

Lin (2003). proposed that the country's industrial and technological structure fundamentally depends on domestic factor endowments, and the national industry and technological structure are the basis for the upgrading of industrial structure. The stock of surplus capital in international trade also has an impact on the theory of factor endowment. The capital stock has an important influence on the scale of the national economy and the propensity to save. The combination of national science and technology level and resource endowment will enable the country to create more surplus value in international trade, and ultimately will promote the upgrading of the national science and technology level and the re-adjustment of the resource structure.

Lin (2003). "Comparative advantage Strategy Theory of Economic Development- A Review of Foreign Trade Strategy and Trade Policy in the New period of opening up".

4) Intra-industry trade theory

The theory of intra-industry trade overthrows the assumption that classical and neo-classical international trade theory fully competes in the market and regards imperfectly competitive markets and scale economy as the main assumptions, while replacing the original static analysis with dynamical one.

The theory of intra-industry trade is also called the theory of differentiated products. With the continuous expansion of the scale of industries in international trade, the theory of intra-industry trade began to be valued by economists in the 1980s, including the new Chamberlain model, Lan. Caster model, new Heckscher-Ohlin model, Brand-Krugman model, vertical difference intra-industry trade model.

(1) New Chamberlain model.

On the basis of product differentiation theory, Chamberlain established the theory of monopolistic competition value, which believes that the sales volume in commodity trade under the monopolistic competition was affected by price, product nature and sales development. At the same time, it believes that the actual situation in the market is neither competitive nor monopolistic, but a mixture of these two factors.

In the late 1970s, the new Chamberlain theory was pioneered by Krugman's model, and he extended the monopolistic competition model proposed by Dixit and Stiglitz taking into account the differentiate products and internal scale economy to open conditions, and the “new Chamberlain model” was created. The new Chamberlain model argues that differentiated products and internal scale economy of should be included in the monopolistic competition waveform.

(2) Lancaster model.

Lancaster believes that if there are no trade barriers and transportation costs between economies with the same characteristics, under the

influence of the maximization of scale return and consumption preferences difference, the two economies can still carry out intra-industry labor division and trade.

(3) New Heckscher-Ohlin model.

According to Falvey, factor endowments can explain international trade, but a link between different combinations of product differences with factors such as labor and capital should be established for the hypothesis of the H-O model.

The new Heckscher-Ohlin model has thus become the new factor proportional theory. The new Heckscher-Ohlin model believes that when the country has sufficient capital, the export products should be capital-intensive and high-quality products. When the country has sufficient labor, the export products should be labor-intensive low-quality products. The resulting intra-industry trade is actually affected by vertical division of labor. The New Heckscher-Ohlin model's greatest contribution is to explain the trade patterns between industries and within the industry on the basis of classical trade theory and neo-classical trade theory with minimal modifications.

5) National Competitive Advantage Theory

Porter (1979). proposes a theoretical model of state advantage (diamond theory) in *The Competitive Advantage of Nations*. Porter's diamond theory holds that in the free trade of the global open economy, the industrial structure of the country will change with the trading, and the domestic industry will be diversified. Therefore, the original comparative advantages of the trade partners will also change.

According to diamond theory, production factors include: human resources, natural resources; knowledge resources; capital resources; infrastructure. The requirements are domestic market demand. The performance of related industries and supporting industries is the level of international competitiveness of related

industries and their upstream industries. It also includes the enterprises' strategy, structure, and performance of the competitor.

(1) Production factors.

The diamond theory divides the production factors into two categories: primary factors and high-level factors. The primary factors are the natural resources and geographical location that the country has innately possessed. The high-level factor is the condition created by society and individuals through investment and development. Porter believes that in the process of obtaining competitive advantage, the high-level factors are far more important than the primary factors.

(2) Domestic market demand.

According to the diamond theory, the impact of domestic market demand on the country's competitive advantage mainly includes: the scale of domestic market demand, the level of demand, and the advancement of demand. If the domestic market demand scale is larger than the market demand of the trading country, then the country has an international competitive advantage. On the contrary, it does not have a competitive advantage. The level of domestic market demand, consumers' requirement for product quality will promote the development of product quality, performance and service, and promote their international competitive advantage. Advancement of demand, domestic consumers have advanced demand for goods and services, which also promote the development of domestic goods and services, and the country's competitive advantage in international trade increases.

(3) Domestic market demand.

Domestic demand condition is another important influence factor in whether a particular industry has international competitiveness. Porter believes that the impact of domestic demand on competitive advantage is mainly through three aspects: First, if the demand for products of related industries in the domestic market is greater than that of overseas markets, then it has scale economy,

which is beneficial to the industry's establishment of international competition advantage in the country. Second, if the level of consumer demand in the domestic market is high, it will be beneficial to the relevant industries to obtain an international competitive advantage. Because sophisticated and discerning consumers have a pressure on their companies to improve product quality, performance and service. Third, if domestic demand has an advancement, then the domestic manufacturers that serve it will also be ahead of other manufacturers in the world.

(4) Corporate strategy and competition.

The competition of domestic enterprises will promote the improvement of national competitiveness, and enterprise competition refers to the conditions for the creation, organization and management of domestically dominated enterprises. Domestic enterprises have different scales, organizational forms, property rights structures, competition objectives and management models. The high competition of these enterprises in the domestic market will promote the improvement and innovation of technology, thus enhancing the national competitive advantage.

(5) Government and opportunities.

According to diamond theory, the government and opportunities will also have an impact on the country's competitive advantage. Enterprises are the main factors affecting the country's competitive advantage, but the government is the external environment for enterprises' existence. The government provides enterprises with supports of infrastructure, funding channels, information integration and human resources etc. The government also influences the domestic market and creates competitive advantages through policy adjustment. The government itself is also a major customer and buyer of the enterprise. Government procurement is also conducive to promoting enterprise competition and technological innovation, thereby enhancing the country's competitive advantage.

The diamond theory also believes that market opportunities are also factor that affect the country's competitive advantage. Opportunities affecting the country's competitive advantage include progress in technology, cost increases due to international market factors, financial foreign exchange market volatility, market demand fluctuations, natural disasters and other force majeure effects.

The biggest difference between the theory of national competitive advantage and H-O theory is that H-O theory analyzes the influencing factors of international trade from static aspect, while the theory of national competitive advantage is a dynamic analysis of national resource endowments and comparative advantages. The theory of national competitiveness is at present an important theory for analyzing the status of international trade and predicting the development of international trade.

2.1.1.4 Emerging Classical International Trade Theory

The emerging classical economics is a new economic sect founded by Yang Xiaokai (2008). in the 1980s. Neoclassical economics is based on the free trade of classical economics, using marginal utility value theory and demand theory, replacing labor value theory and supply theory in classical economics, continuing the idea of labor division in classical economics, and introducing specialized economic and transaction fees concept. Neoclassical economics consists of the routine expectation hypothesis theory and the natural career rate hypothesis, arguing that free trade and market economy can solve economic problems.

The new classical economics once again adds the labor division and specialization that neoclassical economics abandoned during the evolution of classical economics and formed a decision-making and equilibrium model to promote the upsurge of interpreting classical economics by modern mathematical analysis tools.

The model of organizational experiments in emerging classical economics is dynamic.

The difference between this model and the static model is that people's information about the division of labor will spontaneously evolve with the pass of time; the difference compared with the previous dynamic model is that people's knowledge of the division of labor gradually increases with the pass of time.

Emerging classical economics believes that the emergence of the government has created a new specialty and division of labor structure, and the transaction cost of the new division of government will ultimately affects international trade.

The emerging classical economics re-examines the causes, developments, and influences of trade in classical economics.

Table 2.2 Comparison between Classical Economics and Emerging Classical

Economics	Classical economics	Emerging economics
1. Causes of trade.	1. Accumulate wealth through international trade.	1. The cause for trade is the endogenous advantage triggered and strengthened by division of labor and specialization.
2. The result of trade.	2. Obtain gold and silver.	2. Trade is a solution to contradictory between specialized production and diversified consumption.
3. The development of domestic trade to	3. Value the trade surplus.	3. International trade development: individual

	Classical economics	Emerging economics
	international trade.	trade-offs of specialized economy and transaction fees
4. Trade policy internalization.	Obtain absolute advantage and comparative advantage	4. Trade policy system, balanced network scale of division of labor and the productivity of the entire economy are interdependent.
5. Trade and economic development issues.	Formulate tariffs to protect domestic industries with weak production efficiency.	5. Trade and economic development are the result of the producing and deepening of division of labor.

Source: revised by researcher, 2018.

The emerging classical economics also abandoned the concept of scale economy in the emerging classical economics and replaced the production conditions with the specialized economic development. Neoclassical economics separates consumers from producers, while emerging classical economics does not separate consumers from producers and believes that consumers have a linkage relationship with companies.

The impact of trade fees on international trade has been found in neoclassical economics, and emerging classical economics emphasizes that transaction fees have a decisive influence on economic organization.

2.1.2 Marketing Theory

Marketing theory believes that marketing is an important activity of the enterprise. Research on products, prices, time, location and promotion will enable the enterprise's product or service to meet market demand. Marketing management is the process by which enterprise develop marketing strategies.

Marketing means that, marketing is an organizational function and procedure that creates, communicates, and transmits value to customers, and manages customer relationship in order to benefit the organization and its stakeholder.

1) Development of marketing concepts

A professional market research company was founded by American AC Nielsen in 1823. In the 1960s, William Lazer proposed a more ideal method than market segmentation, that is, consumers' values and attitudes of life can explain consumer's way of consumption more accurately than their social class. Yi. Jay McCarthy proposed the 4PS theory in 1960.

In the 1970s, the service industry began to emerge, and marketing began to influence the development of services, providing ideas and tools for the service industry. In the 1980s, the concept of brand equity became popular. David A. Ike proposed five elements of brand equity, including brand loyalty, brand popularity, quality in mind, brand association and other unique assets.

Since then, Theodore Levitt has put forward the idea of “global marketing”. In 1985, Barbara Bender Jackson proposed relationship marketing. With the development of information technology and network technology, the marketing concept of compressing intermediary service provider and business to customer (B2C) has also been proposed.

The development stage of marketing concept can be summarized as: product concept (before the 1950s) --promote sales concept (50s) --marketing concept (60s) --social marketing concept (70-80s) -- relationship marketing concept (90s) --- network marketing and green marketing concepts.

The modern market marketing system includes five aspects: commodity sales, market research, production and supply, market demand creation and coordinated public relations.

(1) Commodity sales

Commodity sales have two basic functions for enterprises and society. The first is to push the products produced by enterprises into the consumer field. The second is to obtain money from consumers in order to compensate for the labor consumption in the production of commodity.

The specific behaviors of merchandise sales include finding and identifying potential customers, contacting and transmitting commodity exchange intention information, negotiating, signing contracts, delivering goods and receiving money, and providing sales services.

(2) Market research.

Market investigation and study, also known as market research, refers to the research that companies need to systematically collect and analyze information about marketing activities in the process of marketing decision-making. Enterprises must produce products that are demanded by the market. Therefore, understanding the potential purchasing power and consumer demand of the market within a certain period of time is the focus of corporate marketing. The domestic production division and the progress of science and technology continue to create new market demands, so the enterprise must study changes in market demand.

(3) Production and supply.

Enterprises need to use the market demand of each period to maintain the stability and growth of the company's sales revenue and strive to take advantage of every profit opportunities of each of the products produced. The internal production and management behaviors that enterprises respond to market changes are collectively referred to as production and supply functions, also known as overall marketing.

(4) Create market demand.

Consumers generally have “potential needs” but will not buy products immediately to meet demand. Enterprises need to meet the demand of real customers, but also create the conditions to solve the concerns of potential customers, and make potential demand into real demand, thus creating new market demand.

(5) Coordinate public relations.

There is a staged development of the relationship between enterprises and consumers. Early companies recognized the existence of enterprise-employee and enterprise-consumer relationships but did not regard public relations as the function of marketing. Since then, with the awakening of consumer self-protection awareness, enterprises have begun to pay attention to public relations, but regard public relations as a corporate burden. It wasn't until 1985 that Jackson (1985). proposed the concept of relationship marketing that corporate public relations began to change and became an important tool for corporate marketing. Improving and developing these connections can not only improve the social image of the enterprise, but also bring marketing benefits to the enterprise, namely, increase the safety and easiness of marketing.

2) Marketing strategy

The marketing strategy is a process to take the customer's demand as the starting point, obtain the information of customer demand and purchasing power, the expectations of the business community based on experience, organize various business activities in a planned manner, and coordinate product strategies, price strategies, channel strategies and promotional strategy to provide customers with satisfied goods and services to achieve corporate goals.

The mainstream marketing strategy includes 4P theory aiming at meeting market demand, 4Cs theory aiming at customer satisfaction, and 4R theory aiming at building customer loyalty.

(1) 4Ps marketing theory

Neil Borden (1953). put forward the concept of “Marketing mix” in 1953. He believed that the enterprise's market demand was influenced by the marketing variables and marketing factors, and the enterprise combined the marketing factors to obtain the maximum profit. Jerome McCarthy put forward four marketing elements of Product, Price, Place, Promotion in Basic Marketing in 1960. In the book of Marketing Management: Analysis, Planning and Control, Philip Kotler proposes a 4Ps-centered marketing mix approach.

The marketing mix method includes: Product, attaching importance to developing product functions, and making the products have characteristics. Price, focusing on the brand effect, formulating a price strategy based on market segmentation. Place, the enterprise does not sell directly to consumers but distributes through distributors. Promotion, attracting consumers by changing sales behavior or price in the short term.

(2) 4Cs marketing theory

Robert Lauterborn proposed 4Cs marketing theory based on 4Ps theory in 1990. Develop a marketing strategy from four aspects of customer, cost, convenience and communication.

4Cs marketing theory is oriented to consumer demand and targets consumers' needs and expectations. Enterprises must first understand, research, and analyze the needs and desires of consumers, understand how much money (cost) consumers are willing to pay for their needs and desires, and consider how consumer transactions such as shopping can be convenient for consumers, and consider consumer communication. It is very important to implement marketing communication centered on consumers. Through interaction and communication, the internal and external marketing of enterprises will be continuously integrated, and the interests of both consumers and enterprises will be invisibly integrated

(3) 4R marketing theory.

Schultz (2002). proposed 4R marketing theory, 4R marketing theory proposed the marketing mix theory of relevance, reaction, relationship and reward, it believes that enterprises need to establish a new type of initiative relationship between enterprises and customers in a higher level and in a more effective way which is different from the traditional ones.

4R marketing theory believes that, association means, enterprises and consumers are a community, so enterprises should maintain long-term cooperative relationships with consumers. Response means that the role of the enterprises is not how to control, develop and implement the plan, but rather to transform the business model according to the customer's demand for the market. Relationship, the relationship between the enterprise and the customer determines the sales of the enterprise product. The key to the market share of the enterprise depends on the relationship with the consumer. The enterprise should establish a long-term and

stable relationship with the consumer. Reporting, the consolidation of transaction and partnership depends on whether companies and consumers are rewarded, so companies should pay attention to giving consumers returns.

3) Marketing categories

(1) Integrated Marketing Communications

Integrated marketing is the collection of corporate advertising, direct communication with customers, promotion, public relations and other ways of communication. The unified communication enables enterprises to achieve clear and continuous communication effects to consumers.

(2) Database Marketing

Database marketing refers to the use of consumer behavior data to develop an optimal sales strategy. This includes the marketing behaviors of using offline and online collection and analysis of consumer information, using the sales information from manufacturers and platforms, and accumulated data in social statistics to analyze and predict consumer behavior and re-make sales strategies.

(3) Internet Marketing.

Internet marketing is a way for enterprises to use the Internet for selling and is also a part of the overall marketing strategy of the enterprise. The functions of Internet marketing include 8 aspects of website promotion, Internet brand, information release, online research, customer relationship, customer service, sales channel, and sales promotion.

(4) Direct marketing.

Direct marketing is the way to influence without the presence of intermediaries and distributors.

Direct marketing mostly uses niche, targeted media, such as telemarketing, TV shopping, and online sales etc.

(5) Relationship Marketing

Relationship marketing is the use of salespeople to establish long-term relationships with consumers, showing the company's image and capabilities to consumers, and providing different products according to customer preferences.

(6) Green marketing.

Green marketing is the promoting of products related to consumer-recognized social values based on environmentalism and consumer habits to meet consumer demand for green culture. For example, energy-saving cars, LEDs, solar cells, etc.

(7) Viral marketing.

The ability to deliver information through public media and media effects or to rapidly expand the impact of information through event marketing, leading to a rapid increase in brand and product impact.

2.1.3 Consumer Behavior Theory

Consumer Behavior studies the science of the mental activity characteristics and behavioral patterns that occur in the process of acquiring, using, consuming, and disposing of products and services. Consumer behavior believes that consumer purchase behavior is divided into the decision-making process of consumer purchase, consumption and disposal according to the “decision-making process theory”.

Consumer behavior theory refers to the study of how consumers distribute their income among various goods and services to maximize satisfaction. The important assumptions of consumer behavior theory are that consumers are completely rational, have the right to know about the products they buy, and aim at maximizing utility. There is consumer sovereignty and the ability to freely decide which product to consume. Utility only comes from the consumption of items.

Consumer behavior can be analyzed with two analytical tools, including marginal utility analysis based on cardinal utility theory, curve analysis based on ordinal utility theory, and non-differential curve analysis.

1) Cardinal utility theory

The cardinal utility theory holds that utility can be measured and summed up, and the marginal utility of goods is diminishing. Marginal utility refers to the degree of additional satisfaction that a consumer adds to a unit of consumption of an item. The independent variable is the consumption of an item, and the dependent variable is the degree of satisfaction or utility.

Cardinal utility refers to the measure of utility by the cardinal number of 1, 2, 3 •••••, which is a method of measuring utility in absolute terms. This method of cardinal utility analysis is a method of marginal utility analysis.

The cardinal utility theory also assumes that as the number of consumers consuming goods or services increases, the degree of satisfaction that consumers receive for each additional unit of goods or services consumption is gradually reduced, and the goal of goods consumption is to achieve the maximum utility.

(1) Total utility and marginal utility.

Total utility refers to the sum of utility obtained from consumers' consumption for one or several items over a certain period of time.

Marginal utility refers to the increase in the total utility caused by the increase in the unit commodity consumption by the consumer within a certain period of time.

There is a correlation between total utility and marginal utility. When the marginal utility is positive, the total utility is increased; when the marginal utility is zero, the total utility is maximized; when the marginal utility is negative, the total utility is reduced; the total utility is the sum of margin utility.

Table 2.3 Relationship between the Marginal Utility and the Total Utility of the

Demand Theorem	
Marginal utility	Total utility
positive number	increase
Zero	maximum
negative number	decrease

Source: revised by researcher, 2018.

Note: Total utility = total marginal utility

(2) The law of marginal utility diminishing and the theorem of demand.

The law of diminishing marginal utility determines the demand theorem: that is, demand and price change in opposite directions. Because consumers buy goods to obtain utility, consumers are willing to pay higher prices for goods with large marginal utility, that is, consumers pay for the price of goods to use the marginal utility as the standard. According to the marginal utility diminishing law: the more goods purchased, the smaller the marginal utility, the lower the commodity price; conversely, the fewer the goods purchased, the greater the marginal utility and the higher the commodity price. Therefore, the demand for goods and the price change in the opposite direction, which is the demand theorem.

(3) Consumer balance.

Consumer balance is to study the consumer's use of limited money income to buy which goods, how much can be used to achieve the maximum utility, that is, to study the best purchasing behavior of consumers.

(4) Income effect, substitution effect, total effect.

The substitution effect means that when a consumer purchases two kinds of commodities, because the price of one commodity decreases, and the price of the other commodity does not change, the consumer will purchase cheaper products instead of expensive ones. The income effect means that when consumers purchase two kinds of commodities, because the nominal price of one commodity decreases, the purchasing power of existing currency income can be enhanced, and more commodities can be purchased to achieve a higher effect level. The total effect refers to the increase or decrease of the number of X commodities when the condition is not changed but the price of a certain commodity is decreased (such as X) and the consumer moves from one equilibrium point to another. Total effect = substitution effect + income effect $X_1X_2 = X_1X_3 + X_3X_2$

2) Ordinal utility.

John Richard Hicks (1939). proposed narrative utility theory in 1939, Value and Capital.

The ordinal utility theory refers to the ordinal number or rank of the utility reflected by ordinal number of first, second, third, etc., which is a method of ranking according to the degree of preference. The cardinal utility uses the marginal utility analysis method, while the ordinal utility adopts non-differential curve analysis method.

(1) Non-differential curve.

The non-differential curve is a curve reflecting the same utility brought by the combinations with different numbers of two commodities. The non-differential curve is a curve that is inclined downward to the right and convex toward the origin. The non-differential curve can reflect different preferences of different consumers and can describe the maximization of utility that can be pursued.

(2) Consumption possibility line

The consumption possibility line is a line that shows the largest number combination of the two types of goods that consumers can buy under the fixed conditions of consumer income and commodity prices.

The consumption possibility line is also called the budget line or the price line. The consumption possibility line indicates the constraints on consumer consumption behavior. The limitation is that the money spent on the purchase of the item cannot be greater than the income, nor can it be less than the income. Greater than income is not achievable under the established conditions, while less than income cannot achieve maximum utility.

2.1.4 Enterprise Strategy Formulation Theory

2.1.4.1 Definition of strategy

The strategy was not originally used for business, but military terminology. The English word Strategy comes from the Greek stragia, which means battles and strategies. Strategy originally refers to the guidance of military operations in military command. China's "Cihai" interpreted strategy as: "Planning and guiding on the overall situation of the war, which is determined by the international and domestic situation, the political, economic, military, scientific, technological, and geographical factors of the both sides." With the development of human society, the strategy has also begun to be applied in various fields such as politics, economy and society. The development of the industrial revolution and the fierce competition of enterprises, the rapid increase of the strategy application in enterprises, have led to the concept of corporate strategy.

Strategy broadly refers to planning that is important, overall, regular, and decisive. European and American corporates have clearly introduced the concept of strategy, which began around the middle of the century. The development process of

corporate strategy and strategic management can be summarized as “the strategic concept in the century, the strategic planning in the era, the strategic upsurge in the era, the formation of the chronological school, and the emergence of the chronological resource school” Thomson, Strickland. Compared with other disciplines, the discipline formation of strategic management is relatively late, involving the overall study of various business functions within the enterprise, which is a reflection of complex and multifaceted strategic phenomena. Therefore, the views on corporate strategy and strategic management are very inconsistent and lack recognized definitions.

Chandler (1962). believes that strategy is “the route that the enterprise follows to achieve the stated goals, it influences and determines the basic long-term goals and objectives of the enterprise. And it optimizes the existing resources allocation of the enterprise to achieve these goals and objectives.

Quinn (1980). believes that strategy is to integrate the main goals, policies and actions of the enterprise into a tightly integrated overall model and plan. A well-developed strategy can help to allocate and distribute the resources of the enterprise, enabling the company to adopt an unique and feasible posture based on its internal relative capabilities, expected environmental changes, and competitors' actions.

David (2013). argues that there is a difference between military strategy and business strategy. The formulation, implementation and evaluation of business strategy is based on “competition”, while the basic assumption of military strategy is “war.” But business strategy and military strategy have common points, for many strategic management techniques are equally and effectively used in both of them.

2.1.4.2 Corporate Strategy

The corporate strategy answers the fundamental question of why the enterprise as a whole can get the return from the society and exists for a long time. The strategic management discusses how to form, select and implement the corporate strategy, and through the implementation process, and the evaluation and control to results, ensuring the effective implementation of the enterprise's own goals. From a theoretical point of view, the international study of strategic management has experienced the germination of development before the 1950s, gradually recognized by the people in the 1960s and 1970s, developed in the 1980s and 1990s. At present, many representative theories have been formed, such as process theory, industry theory, resource theory, energy theory, game theory, risk theory, environment theory, competing theory, ecological theory and so on.

These theories are based on profound management and economics and have absorbed the contributions of many Nobel laureates in economics. Therefore, they are closely related to industrial organization theory, `special asset theory, corporate rule theory, transaction cost theory, and competition theory, principal-agent theory, portfolio theory, and real option theory. Judging from the historical evolution and its evolution process of corporate strategy theory, the emergence and development of corporate strategy is roughly divided into three stages.

The idea of corporate strategy is gradually formed with the development of Western business management theory. In the 18th-19th centuries, along with the industrial revolution, European management ideas represented by Adam Smith, Watt, and Skeat emerged in Europe. Later, in the United States, there was a scientific management theory represented by Taylor. At that time, these researchers and managers focused on the management of internal activities of the organization and did not involve research on the theory of business management strategy. The germination of the real strategic management thinking of enterprises was in the early 20th century.

Since then, some people have begun to consider the issue of enterprise development from the perspective of the top management and the relationship between organization and the environment. For example, in 1934, John R. (1934). used the term “strategic factor” for the first time in his book *Institutional Economics*, which caused people to pay attention to “strategic factors” in business operations, but he only restricts the usage of “strategic factors” to certain aspects of management activities and trading activities in the (company's) economic system, rather than explains the impact of “strategic factors” on business operations from the high level of corporate strategic management. In 1938, CI Barnard first introduced the concept of strategy to management theory in his book *The Function of Managers*. He believed that it was not necessary to limit strategic factors to certain aspects of management activities and trading activities. In any case where a decision needs to be made, the principles that business organizations should follow are the same and must take into account strategic factors. Barnard's view makes the corporate strategic thinking more important to the theoretical and business circles, and greatly promotes the development of corporate strategic theory research.

However, the emergence of strategic management as a relatively complete theoretical system was in the 1960s, so it could be called the early stage of strategic thinking previously. Since then, with the continuous development of corporate strategic theory research and practice, in the 1960s and early 1980s, there were ten schools of strategic theory. The core ideas of these theoretical schools are basically the same, mainly reflected in the following aspects: the starting point of research is that the enterprise organization must adapt to the changes of the whole environment. The implicit assumption is that the enterprise is a combination of products or business, and the strategy implementation requires the organization structure must undergo corresponding changes, and strategic management is mainly the work of senior managers. It is believed that the further development of strategic

management research has laid a good foundation, and this period can be regarded as the stage of classical strategy theory.

With the ever-changing corporate management environment and increasingly fierce market competition, the top ten strategic theory schools in the classical strategic theory stage have gradually shown limitations in the practice of corporate strategic management: first, despite the ten university all attach great importance to the role and influence of the corporate environment on corporate strategy, however, due to the lack of methods and tools for analyzing the corporate environment, they seem to be somewhat powerless in the strategic management practices of enterprises. Second, these theoretical schools often lack considering for internal conditions of enterprises. They only emphasize that the enterprise must adapt to the changes and development of the environment, which often leads to the limitation of the survival and development space of the enterprise, and also makes the enterprise lack the action while facing the fierce market competition. Third, these theoretical schools are generally regard the formulation and implementation of corporate strategy as the work of senior managers of enterprises, and to some extent, the work of supporting management within the enterprise is neglected. Therefore, since the early 1980s, researchers of corporate strategic theory have shifted the focus of research to how companies acquire and maintain competitive advantages, thus effectively promoting the development and innovation of corporate competitive strategy theory and emerging three strategic theoretical schools with the research point of competitive advantages. Therefore, this period can be called the theoretical stage of competitive strategy.

2.1.4.3 Enterprise Strategic Management Theory

1) Definition of enterprise strategic management

H.I. Ansoff (1979). first systematically proposed the theory of enterprise strategic management in the book *Strategic Management*. According to

Ansoff, "Strategic management is the interaction between the internal and external of the organization and the process of corresponding structural changes within the organization as a result of adapting to the external changes."

Korowicz (2012). provides a more comprehensive definition of strategic management, arguing that "strategic management is an art and science about the development, implementation, and evaluation of cross-functional decisions that enable organizations to achieve their goals. Strategic management focuses on comprehensive management, marketing, finance and accounting, production and operations, research and development, and information systems to achieve organizational success."

Porter (1987). the corporate strategy is the long-term, overall planning or program to make the company survive and develop in the context of market competition and fierce competition through summing up historical experience, investigating the status quo, and predicting the future.

J. B. Barney (1997). believes that strategy is the way and means to achieve corporate mission and goals, while strategic management is to determine the company's mission and goals, select specific strategies, and implement through specific tactical activities. Barney believes that strategic management is the process of determining the corporate mission and goals, determining the corporate strategy through analysis of the internal and external environment of the enterprise, and using this as a basis for policy formulation. Strategic management has three classifications, level definitions, matching definitions, and inclusion definitions.

(1) Level definition.

Barney believes that corporate strategic management is divided into four levels. First, companies should establish their mission, and the mission is the positioning of themselves. Second, it is to establish goals, the goal is the specific performance indicators of enterprise development. Third, it is to develop

strategies to clarify the way corporates achieving their mission and goals. Finally, formulate policies based on the framework of corporate strategies, as specific method of achieve corporate missions and goals.

(2) Matching definition.

Enterprises use their advantages and weaknesses to configure their external environmental opportunities and threats and use strategies to avoid risks and find development opportunities. Strategic management is the process of analyzing the competitive environment, determining its own advantages and weaknesses, identifying environmental opportunities and threats, and realizing the development of the enterprise through rational allocation of resources.

(3) Inclusion definition.

Professor Mintzberg of McGill University in Canada suggests that companies will generate new strategies for non-advanced planning based on long-term experience in unpredictable actions. Strategy is a kind of positioning. Positioning is Porter's core idea. It emphasizes the connection between the enterprise and the competitive environment. It is to determine the specific way for a specific product entering into a specific market, so as to achieve an unique competitive position. Strategy is a concept emphasizes the subjective and qualitative aspects of strategy, especially the important influence of corporate culture and entrepreneurship on strategy formulation and implementation. The inclusion definition helps to understand the complete meaning of the strategy, but it is not very operative in the formulation of the strategy.

The specific implementation of the strategy in the enterprise is called enterprise strategic management. It is generally believed that the corporation strategy management refers to the analysis and formulation, evaluation and selection, implementation and control of the corporation strategy, so that the corporation can achieve its dynamic management process over strategic objectives. This concept

essentially emphasizes the process and objectives of strategic management. Combining the research results of predecessors, this paper defines the meaning of corporation strategic management from three aspects:

1.1 Strategic management is a process of continuous circulation with no end.

It includes four basic steps: developing strategic plan, implementation strategy, strategic performance evaluation, strategic control and revision. As the internal and external environment and conditions of the enterprise changing, management must continuously research and finally modify the strategic expectation, target system and strategic planning and implementation method. Strategic management is a process of continuous improvement and continuous innovation.

1.2 The important role of strategic management in the enterprise is reflected in three aspects: decision support, coordination and communication, and presentation of goals. A strategy can align the decisions made by individuals or organizations, align them under one theme, and align the decisions of different departments and individuals. In presenting the company's future goals, strategy plays a role in connecting current tasks and future prospects.

1.3 The purpose of corporate strategic management is to promote the stability and sustainable development of the corporate. Its basic orientation is to enable enterprises to acquire and maintain sustainable competitive advantages, cultivate core competitiveness, promote optimal resource allocation, and achieve strategic long-term performance goals.

Based on the above definition, enterprise strategic management is the whole process of the enterprise's formulating development strategy based on its vision and mission, combining with the external environment and internal

conditions, and the continuously controlling for the implementing of corporate strategy.



2) The development period of enterprise strategic management

Enterprise strategic management is divided into five historical development stages along with the advancement of technology and communication technology, as well as the development of informationization and globalization.

(1) The first stage, the late 50s - early 60s.

In practice, during this period, the international world was in a post-war recovery period, and the social material was relatively poor. At this time, the corporate strategic management whose main method was financial control was launched. This has greatly promoted corporate to reduce costs, increase labor productivity, and rapidly expand the total production to meet the needs of society.

Corporate strategic planning has been applied in certain business areas of some large US companies. In terms of theoretical research, Chandler put forward the idea of “structural follow-up strategy” in 1962, emphasizing that the organizational structure was adjusted according to strategic adjustment.

(2) The second stage, from the 1960s to the 1970s.

With the development of production and science and technology, it is not too difficult to supply a sufficient quantity of goods to the market. The development of enterprises is mainly constrained by market demand. The main problem to be solved by the corporate strategy is market demand forecasting. As a result, corporates have a strong interest in long-term planning, reflecting the concern for achieving coordination and goal alignment during the economic expansion period. At this stage, a large number of companies seek to increase efficiency and strengthen risk control with efficient scale production, thus long-term planning and market forecasting become particularly important. Strategic management at this stage is characterized by emphasis on market assessments and market forecasts.

In addition, diversified development is widely regarded as the main way to bring rapid growth and huge profits to the company and become the

main responsibility of the company's strategy. The diversification of business scope and the diversification of product mix have become strategic choice for many companies.

Theoretical research: H.I. Ansoff (1979). and Andrews (1971). further standardized the concept of strategy in 1965, clearly proposed the company and competition strategy, emphasizing that strategic management is the key to the success of the company. The formulation and implementation of the strategy is an important work in the practice of enterprise management.

(3) The third stage: the early 70s - 80s. In the early 1970s, new industrialized countries emerged around the world. The competitiveness of countries such as Japan and West Germany increased rapidly. A large number of commodities flowed into the European and American markets, and Western companies were strongly affected. Facing with fierce competitive pressures, companies began to focus on rapid response to market changes, began to focus on competitive analysis, and corporate strategies characterized by competitive strategies developed rapidly.

In the mid-1970s, the environment of corporate has undergone tremendous changes, and people's attitudes toward corporate strategy have undergone profound changes.

First of all, there is continuous evidence that diversified operation does not necessarily bring expected huge benefits to the company. On the contrary, its inherent risks are increasingly recognized. This has led to a slowdown in multi-industry operations.

Secondly, the instability of the macroeconomic environment has increased substantially, and the period of stable growth in the early postwar period has passed, replaced by a highly unstable external environment. This sophisticated planning systems made by many leading companies have lost the reliance. As the world enters a period of rapid change, companies have to abandon their medium-term plans and adopt a more flexible strategy of strategic management.

After the third generation from the 1970s, with the continuous development of economic globalization and international competition, the competition stage of enterprises in various countries is not limited to their respective countries and regions. On the contrary, competition between enterprises from all over the world becomes the trend impossible to avoid. In this case, the original diversified operation and expansion of production capacity to adapt to new demand has gradually turned into an effort to gain competitive advantage in individual industries and individual markets.

Facing with constant changes in the environment, Mintzberg from Canada proposed the so-called “crafting”, indicating that strategy must be adjusted continuously as the environment changes. Similarly, Porter presented his famous five competitive strategic analysis models, providing powerful analytical tools for corporate strategy. Based on this, three basic strategies for enterprise development have been developed: low cost strategy, differentiated strategy and target concentration strategy.

(4) Stage 4: 80s-90s. After the 1980s, market competition entered a new stage of all-round strategic management. This stage is characterized by the rapid development of multinational corporations and the prevalence of global operations. Enterprises focus on coordinating the allocation of resources, creating unique competitive advantages, and including how to maintain and strengthen this

advantage into the agenda to cope with the constant occurrence of dramatic changes in the market.

At this time, Prahalad and Hamel introduced the concept of “core competence”. Inspired by Andrews' concept of distinctive competence, they established the Strategic Management Theory of Enterprise Resource View. According to this theory, the most important principle of strategic management is to give the remaining assets a heterogeneity through resource accumulation and allocation, so as to obtain a sustainable competitive advantage. A diversified company is not just a combination of business, but a combination of capabilities. Companies should develop and implement strategic management that fosters and maintains core competencies. The enterprise resource view puts the line of sight into the enterprise and pays attention to the heterogeneity and growth of the enterprise. He believes that Porter's five competitive models over-emphasize the analysis to the environment, while the foundation for the realization of the internal capabilities of the enterprise is not sufficiently focused. They proposed that core competence is the source of competitive advantage for enterprises. The reason why enterprises can obtain sustainable competitive advantage is that the cultivation, improvement and application of core competence are fundamental.

(5) The fifth stage, from the 1990s to the present. With the development of economic integration, the global economy has increasingly become an inseparable whole. The development of science and technology is changing with each passing day, and the cycle of product and technology innovation is continuously shortened. Especially with the wide application of computer and communication technology and the continuous development of e-commerce, the production methods of human society are undergoing profound changes. These changes have also had a profound impact on corporate strategy research.

3) Classification of strategic management.

Ansoff believes that the corporate strategy consists of four elements, namely, business scope, resource allocation, competitive advantage and synergy. Generally speaking, in a typical large and medium-sized enterprise, the enterprise's strategy can be divided into three levels of enterprise overall strategy, business unit strategy, and functional department strategy. The strategic level is not fixed. In large enterprises, the enterprise strategy is divided into the overall strategy of the enterprise, the company strategy and the business strategy. The strategic level can be adjusted according to the situation of the enterprise. Because SMEs are mostly single companies and single business units, the strategic level will be relatively compressed.

The company strategy mainly needs to solve two problems: what business should the company engage in and how to manage its business portfolio. The company's strategy involves the operation and management of cross-industry and product markets. The basic corporate strategy consists primarily of how the diversified strategy selects the industry in which it operates and how the integration strategy identifies the production segments involved in the selected industry. The M&A strategy is a way to achieve a basic corporate strategy while the internationalization strategy involves the expansion of the company's operations worldwide.

Business strategy, the main concern is how to do a good job, that is, how to establish a favorable position relative to the competitor in a specific industry, that is, competitive advantage. The business strategy mainly includes the competition strategy, mainly relying on its own efforts to do better than the competitors; cooperation strategy, cooperate with some enterprises to maintain or improve performance and dynamic competition strategy, and take corresponding actions according to the actions and reactions of the competitors.

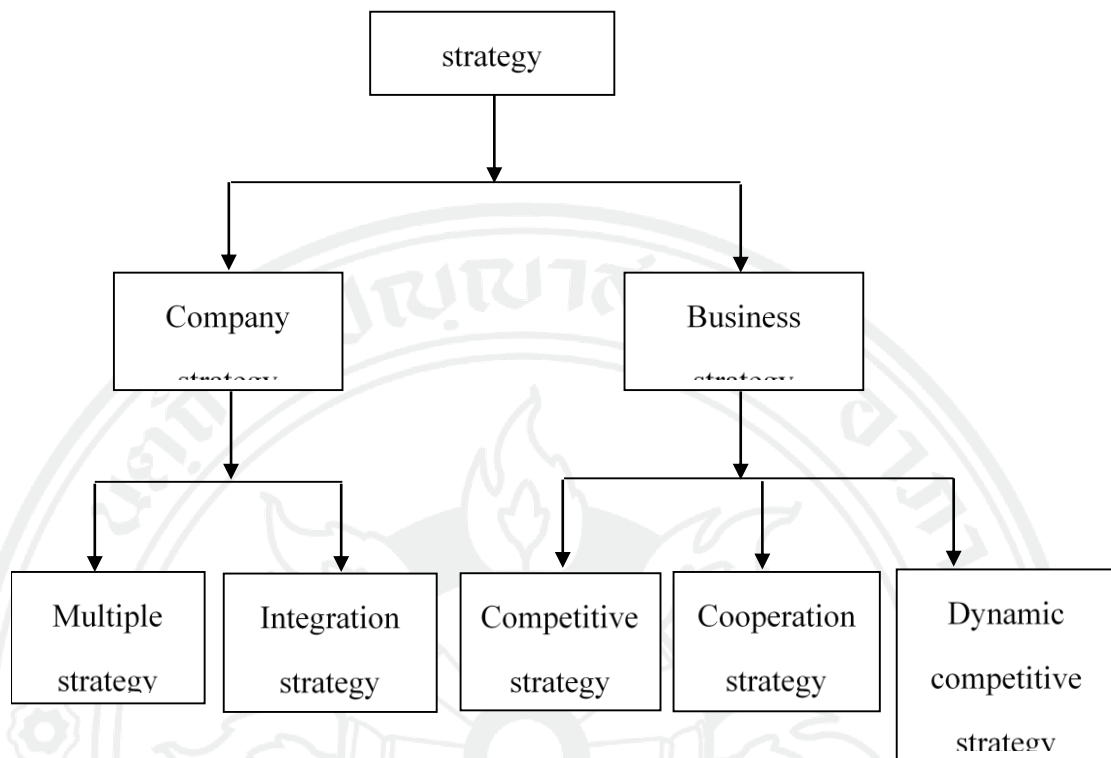


Figure 2.1 Composition and Classification of the Basic Strategy

Source: revised by researcher, 2018.

4) The stage of strategic management.

David (2013). proposed that strategic management consists of three phases, strategy formulation, strategy implementation and strategic evaluation.

(1) Strategy formulation stage. The strategy formulation phase includes the formulation of corporate vision and mission, the identification of internal advantages and weaknesses, external opportunities and threats, and the establishment of medium- and long-term goals. Enterprises should develop their market, product, resource allocation and protection strategies based on the goal of maximizing benefits.

(2) The stage of strategy implementation. The strategy implementation phase includes setting annual goals, developing policies, motivating employees, and allocating resources to ensure that the strategy is implemented. Enterprises should build corporate culture and organizational structure according to the formulated corporate strategy, determine marketing strategies, set budgets, develop application information systems, and conduct performance appraisals.

(3) Strategic evaluation phase. The strategic assessment phase is an overall assessment of the corporate strategy to find reasons why the strategic objectives have not met the expected results. The strategic assessment includes, 1) Checking for changes in internal and external factors. 2) Evaluate the performance changes brought about by the strategy. 3) Change the wrong strategy. Thomson, Strickland (2000) proposed that strategic management is divided into five phases. (1) Formulate a vision and mission. Establish the future direction of the company and explain the prospects of the company. (2) Formulate corporate development goals. Through the goal, the company's vision and mission are embodied and evaluated through comprehensive performance indicators. (3) Develop a corporate strategy. Through analysis, we identify internal and external situations, including internal strengths and weaknesses, external opportunities and threats, and develop strategies to achieve goals. (4) Implementation of corporate strategy. According to the strategy formulation policy, including adjusting the organizational structure, management model, adjusting performance evaluation and salary incentive system to ensure the smooth implementation of the strategy. (5) Strategic evaluation and adjustment. Combine internal and external environments, evaluate the effectiveness of strategy implementation, and dynamically adjust strategies based on environmental changes.

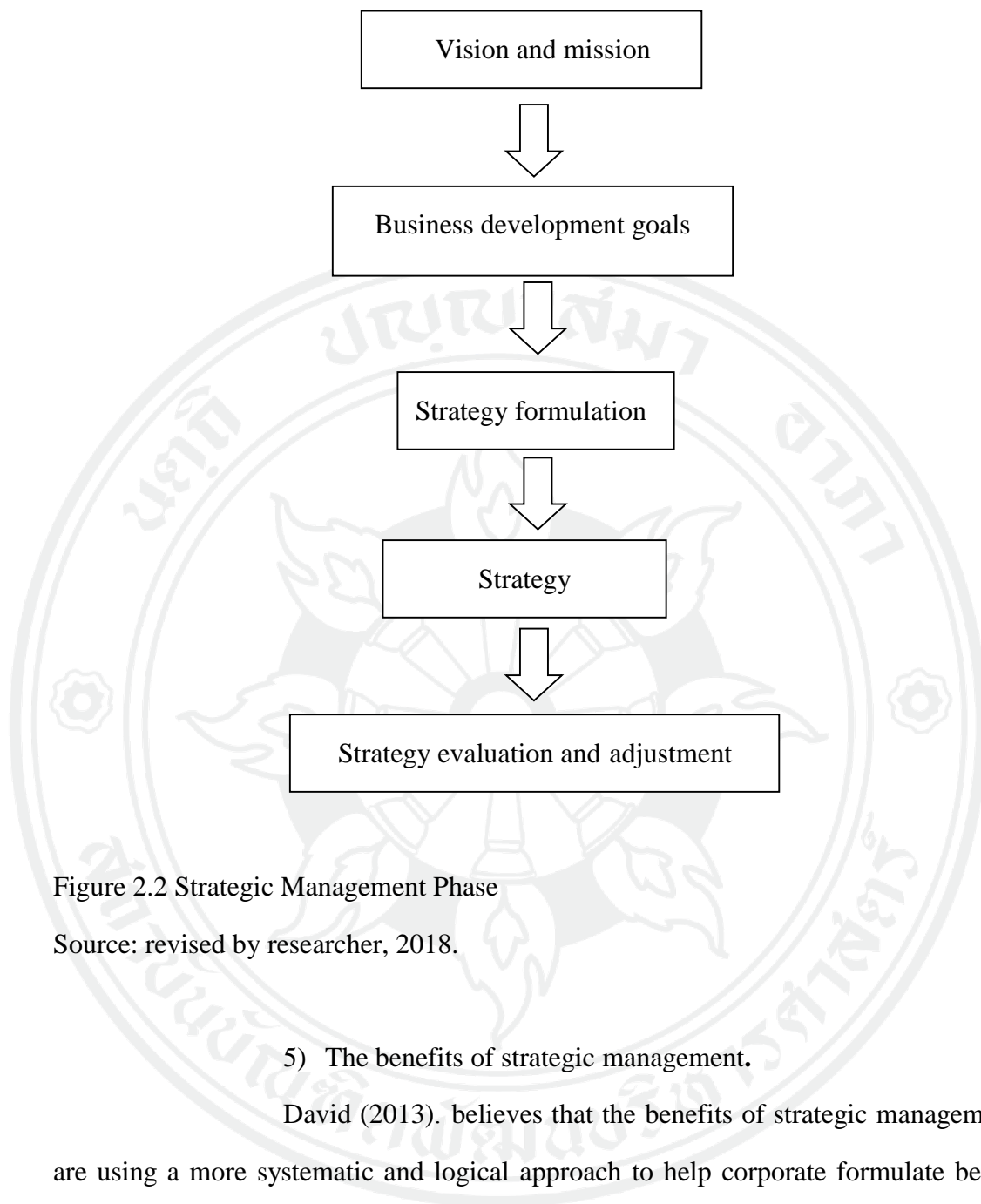


Figure 2.2 Strategic Management Phase

Source: revised by researcher, 2018.

5) The benefits of strategic management.

David (2013). believes that the benefits of strategic management are using a more systematic and logical approach to help corporate formulate better strategies.

Langley (1988). argued that strategic management's most important contribution to enterprise is the process of strategic management, rather than the final decision or written report. Strategic management is also to enable managers and employees to understand the corporate development philosophy and goals, so that employees can be engaged in actions to achieve corporate goals.

Strategic management can strengthen enterprises' awareness of external threats, deepen their recognition to adopt strategy for competitors, improve employee efficiency, reduce resistance to change, and establish direct links between performance and rewards.

6) The focus of strategic management.

The focus of strategic management includes close attention to the external environment of the enterprise, emphasis on strategic implementation assessment, combined development of long-term and short-term goals, and elimination and renewal of strategies.

(1) Pay close attention to the external environment of the enterprise.

In the context of globalization and technology outbreaks, the external environment enterprises facing with is changing rapidly. Therefore, paying close attention to changes in the external environment is crucial for strategic management. Strategic management must 1. summarize and discover the law of industry development and find the law of external environmental change and renewal. 2. according to the external environment of the enterprise, make targeted adjustments to the implemented strategies. 3. Ability to integrate different laws and common sense to predict changes in the company's environment.

(2) Emphasis on strategic implementation assessment.

After the development of the corporate strategy, the internal execution efficiency of the enterprise also becomes the key to whether the strategy can achieve the expected goals. Strategic management must ensure the communication, understanding and execution of corporate strategies, and conduct an assessment to the impact of the strategy to ensure that strategic managers can adjust the strategy in a timely manner to ensure that the strategic objectives are achieved.

(3) Combining long-term and short-term goals for development.

Strategic management is the specific way and guidance to achieve strategic goals. Strategic management needs to link long-term and short-term goals, so that the development goals of the enterprise are consistent, so that resources can be rationally allocated and efficiency can be improved.

(4) Evaluation and renewal of strategy.

Strategic management should be continually adjusted based on changes in the external environment of the company and internal institutions. Strategic management should eliminate strategies that do not meet the development needs of enterprises and fail to achieve corporate development goals, and combine strategies and challenges in the new environment to develop strategies that meet the development needs of enterprises.

2.1.4.4 Basic tools for strategic analysis.

1) Universal environmental factor analysis method.

The general environmental factor analysis method focuses on the analysis of the external environmental impact factors of the enterprise, including six major factors.

(1) Political factors. Including political situation, national development strategy, and government policy.

(2) Social factors. Including basic social conditions, mainstream social ideas, and new social trends. For example, population, employment rate, social culture and so on.

(3) Science and technology factors. Including scientific innovation, transformation of results, and technological upgrading.

(4) Economic factors. GDP, fiscal deficit, inflation rate, deposit rate, etc.

(5) Legal factors. Industry regulations, tax regulations, labor laws, intellectual property protection laws, etc.

(6) Global factors. Major political events, goods markets, and financial markets under the background of globalization.

The general environmental is the influencing factor that enterprises need to face with. These influencing factors have different degrees of impact on enterprises, including providing opportunities or threats to enterprises.

2) PEST analysis method

The Macro Environmental Analysis method (PEST) divides the external environment of the enterprise into four parts, including the political, economic, social, and technological environments. PEST is the abbreviation of the four initials. PEST mainly analyzes the impact of external environmental factors on enterprises.

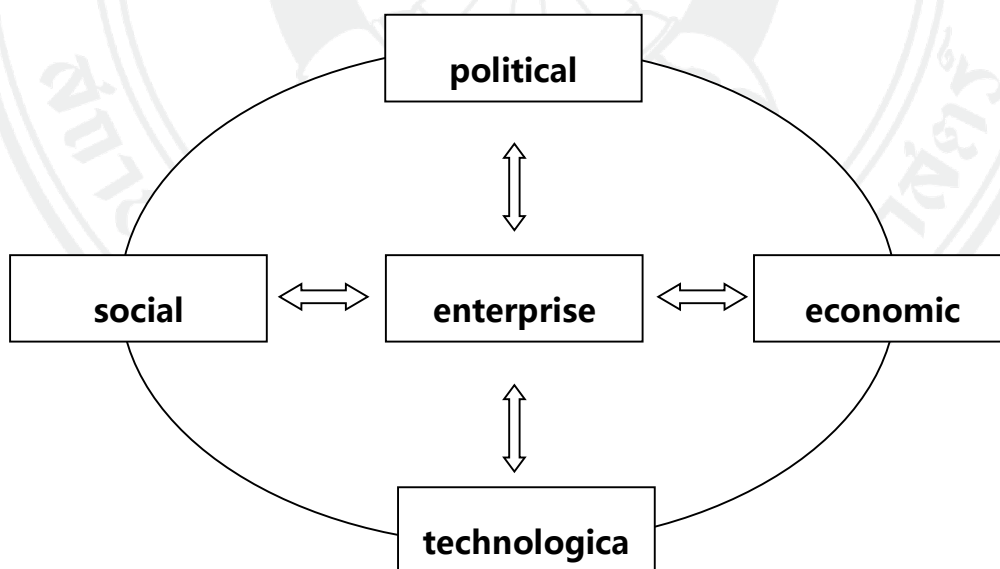


Figure 2.3 Macro Environment PEST Analysis Method

Source: revised by researcher, 2018.

The political environment includes the political system, political situation, policy guidelines, and legal policies of the country or region in which the enterprises is located. The economic environment includes inflation rates, interest rate levels, personal savings rates, commercial savings rates, monetary and fiscal policies, trade deficits or surpluses, gross domestic product, fiscal deficits or surpluses, social unemployment, market mechanism and market demand of the country or region in which the the enterprises is located. The social and cultural environment refers to the cultural characteristics of the population composition, national characteristics, cultural traditions, education level, attitudes of people to work, consumer preferences, and national customs of the region in which the the enterprises is located. The analysis of the technical environment mainly analyzes the overall level of scientific and technological development, the policies supporting the development of technology, and the technological innovation capabilities of the talents trained by education at the location of the enterprise.

3) Michael Porter's five-force model

Michael Porter proposed that the five forces the enterprise facing with in the market should be analyzed in a model to determine the extent to which the company is competitive in all aspects and demonstrate the ability of the company to expand its competition in the future. The Michael Porter Five Force model is also considered to be the first environmental impact that should be considered when developing a corporate strategy. Five forces include: entrant threat, buyer threat, supplier threat, alternative product threat, and industry competitor threat.

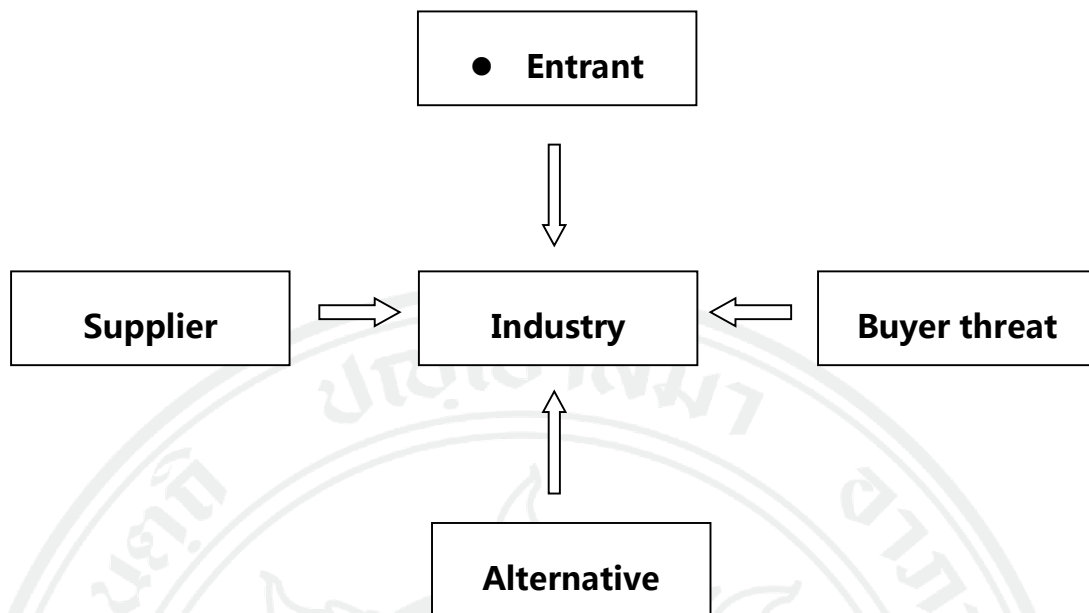


Figure 2.4 Michael Porter Five Force Model

Source: revised by researcher, 2018.

(1) The entrant threats.

The entrant threat are dependent on entry barriers and expectations of retaliation from current businesses. Barriers to entry are factors that create difficulties for new businesses' entering the industry. These factors include: the amount of capital required, the number of talents, the possession of distribution channels, and brand awareness.

(2) Supplier threat.

Suppliers have bargaining power because they have a say in the industry in which the products or services they provide are located. The specific performance of the supplier bargaining power is having certain control over the quality and the price or the quality of the service, and it always has a decision-making trend beneficial to its own interests. Factors affecting supplier bargaining power include: market share of suppliers, level of product quality or service quality, price

advantage of products or services, degree of influence of products or services on enterprise production, and conversion costs of raw materials procurement.

(3) Buyer threat.

Buyers' holding of funds is the most fundamental reason for companies striving for their buying products or services. Buyers always want to get high-quality products or services at low prices. In order to achieve this goal, the purchaser may bargain by lowering the price or improving the quality requirements of the product or service, and the purchaser may also use the competition between producers to influence the price and quality of the product or service. Factors affecting the buyer's bargaining power are: collective purchase, product standardization, buyer's sensitivity to product quality, substitution degree and quantity of alternative products, quantity purchased, and share of the price of the product in the buyer's budget cost and so on.

(4) Alternative product threat

Alternatives are products or services that have the same function or similar function as the products or services provided by the corporate. Factors that can determine alternative product threat are: the profitability of alternatives, the business strategy of alternative product manufacturing companies, and the conversion costs of buyers.

(5) Industry competitor threat.

Unless it is an absolute monopoly, there is competition. The main factors affecting the competition among existing enterprises in the industry are: the number of enterprises in the industry, the comparison of enterprise strength, the monopoly of enterprises in the market, the overall growth rate of the industry market, the improvement speed of the industry production level, and the strategic inclination adopted by enterprises in the industry, exit barriers, etc.

Porter's corporate management strategy also has its limitations, among which: 1. Porter's five competitive forces model actually regard the enterprise as a "black box" which is static and has no development. According to this theory, the strength of the enterprise itself is fixed. The choice of enterprise efficiency depends on the strength of the current enterprise and its external environment. The growth of the internal enterprise and the change of its own power in the future are not the issues that enterprises are considering to make efficiency. 2. Porter actually takes the industry as the research object and regards the enterprise as the smallest analysis unit. The research focuses on the characteristics of the industry, the development trend of the industry, the relationship between the internal and external enterprises, and their strength comparison. It does not combine the enterprise growth angle well to analyze the enterprise competition strategy formulation and the implementation, lacks the actual guidance function in the enterprise practice.

4) Ansoff matrix model

H. Igor Ansoff (1975). proposed the Ansoff matrix, which uses product and market as influencing factors to develop four types of corporate development strategies through the comparison of existing market and product, as well as new product and market.

Table 2.4 Ansoff Matrix Model

	Existing market	New market
Existing product	Market Penetration	Market Development
New product	Product Development	Market consolidation

Source: revised by researcher, 2018.

The main idea of the Ansoff model is to increase corporate income through the application of the 4 corporate development strategies of market penetration, product development, market development, and market consolidation.

(1) Strategy one, market penetration. Market penetration refers to the sale of existing product in existing market, and increase the market share of enterprises through the stable combination of market and product. The main method commonly used in market penetration is to influence consumer's consumption habits, including 1) improving service quality, enhancing consumer brand loyalty, and letting other brand consumers use corporate branded products. 2) Discount promotions, changing the consumer's fixed purchasing habits, prompting consumers to increase the number and frequency of purchases.

(2) Strategy 2, market development. Market development refers to the sale of existing product in new market and the expansion of the market. The main method commonly used in market development is to change the product market sales model without changing the existing products, and to attract different types of consumers by repositioning the product user group and introducing new product using methods.

(3) Strategy 3, product development. Product development refers to the sale of new product to existing market, and the increase in the market share of the company by developing and investing new product into existing market.

(4) Strategy 4, market consolidation. Market consolidation is based on stabilizing the company's existing market share, adopting a differentiated strategy, and responding to the market challenges by reducing the scale of the company.

5) SWOT analysis method

Andrews (1971). defined corporate strategy in the Concept of Enterprise Strategy, which considers corporate strategy to be a match between what

an enterprise can do and what it may do. What an organization can do includes the strengths and weaknesses of an enterprise. What an enterprise may do include opportunities and threats contained in its external environment. Andrews leverages the strengths and weaknesses of the enterprise to match opportunities and threats in the external environment and develop a basic framework of SWOT analysis.

SWOT analysis refers to the determination of the company's competitiveness and development direction by identifying its internal strengths and weaknesses, as well as external opportunities and threats, so as to find the best development strategy for the company.

Table 2.5 SWOT Analysis Framework

SOWT analysis method			
External environment	Internal environment		
		S (Strength)	W (Weakness)
	O (opportunity)	SO (Strength-opportunity combination). With the internal advantages of the company. Make rational use of external opportunities.	WO (Weakness-opportunity combination). With the internal advantages of the company. Make rational use of external opportunities.
	T (threat)	ST (strength - threat combination). With the internal advantages of the company. Avoid external environmental threats.	WT (weakness- threat combination). Make up for the internal disadvantages of the company, avoid external environmental threats.

Source: revised by researcher, 2018.

6) VRIO analysis method

VRIO analysis is a tool for analyzing the internal structure of an organization, including four factors: value, rarity, inimitability, and organization. VIRO is the first letter of four factors.

J. Barney (1991). first proposed the VIRO model in 1991 and systematically summarized core ideas of VRIO model in his book Seeking Competitive Advantage from Internal in 1995. Barney believes that if enterprises want to maintain their competitive advantage, they must rely on their uniqueness and use their superior resources and capabilities to be in an advantageous position in the industry competition. In order to take advantage of the enterprise, business managers must find valuable, scarce, and high cost of imitation resources from internal of the enterprise, and then make full use of these resources to enhance the overall advantage of the enterprise.

Table 2.6 VRIO Analysis Framework

Resource or ability					
Value	Scarcity	Inimitability	Organization	Competitive advantage and disadvantage	Performance strength and weakness
Organizations have resources to use the environment and mitigate threats.	The organization has specific resources and capabilities owned by a single or a small number of competitors	The organization has resources that are not specific but require high costs for competitors to obtain.	Organization has organizational capabilities to leverage and regain resources and capabilities.		

Resource or ability					
No	No	No	No	disadvantage	weakness
Yes	No	No	-	balance	Medium to weak
Yes	Yes	-	Yes	Temporary advantage	Medium to strong
Yes	Yes	Yes	Yes	Continuous advantage	Strong

Source: revised by researcher, 2018.

(1) Value. Value refers to whether a company has the resources to take advantage of opportunities in the environment and to avoid threats in the environment.

(2) Rarity. Rarity refers to the specific resources and capabilities owned by an enterprise's exclusive or minority competitors. Rarity is crucial to the competitiveness of enterprises, but it should be noted that the ordinary resources of enterprises also have a certain impact on competitiveness. The advantages of the quantity and quality of ordinary resources can also enhance the competitiveness of enterprises. At the same time, the scarcity varies according to different industries and different time periods, the extent of rarity, and their impact on the competitiveness of enterprises is also different.

(3) Inimitability Inimitability means that an enterprise has resources that are not specific but that competitors need to pay a higher cost for acquiring them. Jayne Barney believes that the influential factors of inimitability resources include historical conditions, causality, social complexity, and patent rights.

(4) Organization Organizational ability refers to the organizational ability of enterprises to utilize and regain resources and capabilities. Organizational ability is an important factor that affects the effective conversion of value, rarity and non-imitation resources into competitiveness.

Table 2.7 Influential Factors of Inimitability

Influential Factor	Influential Factor
Specific historical conditions	Preferential policies for enterprises in a specific period; unexpected events lead to a decline in the prices of raw materials such as petroleum, and enterprises obtain resources at low cost; during the period of comprehensive technology replacement, enterprises grasp new technologies.
Causality is not clear	It is difficult to clearly determine the factors that generate competitive advantage of enterprises; it is difficult to determine the influencing factors of enterprise efficiency improvement.
Complex relationship	Corporate culture (internal relationship), corporate brand (corporate-consumer relationship), trust and relationship accumulated by the corporate, and relationship that is difficult to obtain and surpass in the short term.
Patent right	Enterprises have the resources to continue to compete, such as invention patents, application patents, etc.

Source: revised by researcher, 2018.

2.2 Related Research Results in China and Abroad

2.2.1 China's Relevant Research Results

1) Research on trade between China and Thailand.

Chen Shuping (2010). The trade between China and Thailand is developing rapidly, and the trade in traditional products of natural endowments between the two countries has trade complementarity. At present, the import and export volume of electronic products has begun to replace traditional trade products, and the characteristics of the internal labor division in multinational groups of electronic products have led to the homogenization of products between China and Thailand, resulting in increased competition between China and Thailand. In the future, Thailand should strengthen its deep level division of labor and collaboration.

Xue Mingming (2011). The importance of foreign trade between China and Thailand has increased. China once replaced the United States as Thailand's largest export market. However, in the Sino-Thai trade, Thailand's trade deficit has gradually decreased. China and Thailand should adjust their trade structure, promote Thailand's exports to China, and achieve healthy development of China-Thailand trade.

Zhang Lan (2011). based on the bilateral trade data of China and Thailand from 2007 to 2009 and the capital labor data of their respective years, using the principle of comparative advantage and factor endowment theory to analyze, that China's advantage products are different from Thailand's advantage products. The two countries' trade is highly complementary.

Huang Jinzhen and Lu Guangsheng (2011). Since the establishment of diplomatic relations between China and Thailand in 1975, the trade relations between the two countries have developed rapidly, but there are also problems of convergence of product structure and uneven trade development. The friendly relations between

China and Thailand also promoted the development of Thai-Chinese economic and trade. In June 2004, Thailand took the lead in recognizing China's market economy position among ASEAN countries and laid the foundation for trade between China and Thailand.

Zhang Lixia (2012). China-ASEAN Free Trade Area (CAFTA) has a huge influence and impetus to China's development and international trade between ASEAN countries and the implementation of tariff-related preferential measures such as zero tariffs on goods imports and exports, but in the process of implementing tariff preferences, there are still many problems.

Shen Lisheng (2013). The establishment of the China-ASEAN Free Trade Area will greatly promote bilateral trade between China and Thailand. The establishment of the China-ASEAN Free Trade Area will greatly promote bilateral trade between China and Thailand. Sino-Thai trade has both complementarity and competition, and the degree of competition is slightly greater than the degree of complementarity. Using the econometric model to predict the bilateral trade between China and Thailand in 2012-2015, the results show that the bilateral trade between China and Thailand will achieve the goal of 100 billion US dollars in advance.

Chen Yanwu and Xie Xiaobing (2014). Through the analysis of the main commodity data of import and export products in China and Thailand during 2005-2011, it is considered that 2012 is the 37th anniversary of the establishment of diplomatic relations between China and Thailand, and the 10th anniversary of the signing of the ASEAN-China Free Trade Agreement and The 20th anniversary of the Great Mekong Subregion Economic Agreement. The political, economic and cultural exchanges between China and Thailand have a long history. Especially in the past 30 years of reform and opening up, the economic complementarity between China and Thailand has become more prominent.

Wang Jun (2012). Chengdu, in China, held the Thailand “One Town, One Product” customs week. In this customs week, nearly 100 Thai five-star “one town and one product” enterprises participated in the exhibition. Chengdu citizens can buy Thai handicrafts, food, jewelry, leather goods, home decorations and other special products at their doorstep. The paper believes that Thailand's tourism and cultural attractions display and intangible cultural heritage boutique display, also came to Chengdu with this “Thailand style”.

Chen Mengyao (2014). Although Sino-Thai trade has developed rapidly, it has faced many problems in its development, such as uneven trade development and similar product structure. By analyzing the development status of Sino-Thai trade and the trade characteristics of the two sides, we will explore the reasons that affect the development of Sino-Thai trade, and then look forward to the prospects of Sino-Thai trade to promote the healthy development of Sino-Thai trade. Further propose the prospects of Sino-Thai trade, with a view to promoting the healthy development of Sino-Thai bilateral trade in the future.

Huang Xuezheng (2012). Sino-Thai trade is complementary and competitive. Since the establishment of diplomatic relations between China and Thailand in 1975, bilateral trade cooperation has been fruitful, the total volume of trade has continued to grow rapidly, and the trade status has become increasingly prominent. In the bilateral trade cooperation between China and Thailand, China's exports to Thailand are dominated by manufacturing products, while imports are dominated by primary products; trade products are increasingly diversified; trade relations are more competitive and less complementary.

Luo Yuan (2016) focused on “Lan Mei Cooperation” and “Yunnan action”: The opening ceremony and theme forum of the first Lancangjiang-Mekong Sub-region National Commodities Fair in 2016 was launched at the Dianchi International Convention and Exhibition Center in Kunming. Yunnan will further

develop its advantages, actively act, accelerate opening up, increase the construction of border free trade zones, accelerate the construction of the economic corridor of the Indo-China Peninsula, and provide more convenience and create more opportunities for mutually beneficial cooperation and common development in the region. It is hoped that all parties can make full use of the good platform provided by this expo, find opportunities for cooperation, and discuss cooperation plans to achieve complementary advantages and mutual benefit.

2) Research on Thai goods, especially on one town one product or one village one product

Xu Qian (2016). The first Minjiang-Mekong Sub-region National Commodities Fair in 2016: Thailand's One Town One Product Commodity Festival was opened in Kunming. More than 200 kinds of Thai-style food, beverages, herbs and Thai costumes were unveiled at Kunming Dianchi International Convention and Exhibition Center. Thailand's "One Town One Product" will expand its trade opportunities by moving from the community to the international market at the China Expo.

Through the holding of special business meeting, Thailand has signed a cooperation agreement with China Post Yunnan Branch for the use of postal logistics distribution, customs clearance and payment settlement for online and offline transactions of OTOP products; and signed an agreement with the Youth Entrepreneurship and Employment Foundation of China on international exchanges and cooperation in entrepreneurship and employment; signed an agreement with the Business Research Institute of Yunnan Business Department on international exchanges and cooperation of "One Village One Product" and "One County One Product".

Sun Guangyong (2011). “One Village One Product” promotes the development of villages and towns in Thailand. According to this policy, the government assists each village and town to use local natural resources and unique materials to develop traditional industries with cultural connotations and produce specialty products. In addition to focusing on product quality and design concepts, the “One Village One Product” program places special emphasis on integrating local wisdom and traditional culture into products. All tourist attractions and airports in Thailand have set up a “One Village One Product” product exhibition center and opened an online ordering service. The “One Town One Product” (OTOP) project in Thailand is a project to stimulate the local economy. Covering a wide range of topics, such as handicrafts, cotton and silk, pottery, fashion accessories, kitchen utensils and food, the project encourages people to develop local specialty products and market development by picking out a prominent product from each town and stick on “one town one product” logo.

Zou Qinyuan (2014) Study on the development of "one Town, one Product" of in rural handicrafts in Thailand and Yunnan; since 1979, Takeshi Higatsui, governor of Japan's Dazaku Prefecture, first put forward the concept of "one Village, one Product", Thailand, the Philippines, Mongolia, Paraguay and other developing countries, and even the United States, Australia and other well-known developed countries and regions have also learned from the successful practices and experiences of "one Town, one Product". Thailand is one of the countries with more remarkable achievements in the development of “One Town, One Product” after Japan. In the context of national transformation and the development of creative industries, it encourages the development of traditional rural handicrafts and combines tourism, exhibition industry, manufacturing, etc. relevant industries. All departments of the country have unified deployment and have created a Thai style of “One Town, One Product” with important influence and representativeness from top

to bottom. But at present, there is no mature theoretical system and unified mode method for “One Town, One Product”.

3) Research on the strategy for Thai enterprise entering the Chinese market

Huang Yan (2006). Through the competition encountered by Thai Golden Rice in China, it is believed that the barriers of the whole industry are very low, and competitors are constantly emerging. Golden rice can fully rely on the existing public praise accumulation to break through the functional level of the product itself. From the bottom of the heart of the consumer to establish a unique brand image and personality, and truly realize the communication with the consumer's heart, thus arousing consumer resonance, establishing consumer loyalty, completely get rid of low-level price competition to achieve premium ability and space for leadership brand.

Lin Bishan (2010). Take Thailand NM company entering the market as an example, he studied the strategy of Thai companies entering China under the influence of the China-ASEAN Free Trade Area. With the gradual maturity of the China-ASEAN Free Trade Area, Thai food companies should seize the opportunity to formulate a reasonable marketing strategy and gain a certain market share in the Chinese food market. Through the market segmentation and target market selection, the marketing target market of Thailand NM Company was repositioned. Secondly, NM's brand marketing strategy was analyzed from three aspects of brand creation, brand reorganization, brand maintenance and promotion. Finally, analyze NM's relationship marketing strategy from three aspects of customer relationship, competitor relationship, and other relationships.

Song Liyan, (2011). proposed that the market sales of Thai A enterprises are increasing slowly and the sales profits are declining year by year. Therefore, it should seek the company's market influence strategy through the PEST, SWOT, five-forces analysis and STP analysis. The combination of market strategies includes: improving product diversity, maintaining product differentiation; establishing and cultivating perfect product distribution channels; effective personnel sales, TV promotion, business promotion and public relation establishment; and price combination strategy for the promoting of sales.

Lu Jiamiao (2016). Through detailed analysis of the statistical material and authoritative data sources of Thailand and China, according to qualitative analysis, literature analysis, and case analysis, the purpose is to summarize the characteristics and problems as well as investment factors of investment in China by Thai Chinese businessmen and make predictions about trends. Supported by the theory of technology localization and the theory of investment-induced factors combination, the investment elements are used throughout the article to explain the investment behavior of Thai Chinese businessmen in China. It is believed that the current situation of investment in China is characterized by shrinking scale, narrow industry, uneven geographical distribution and low technical content. It is proposed that Thai businessmen should formulate a comprehensive investment operation strategy, expand investment fields, increase the technological content of the investment industry, expand the western region of China, understand Chinese laws and regulations, and develop energy conservation.

Wu Bihong (2012). analyzed the investment strategy of Thai Chinese businessmen in mainland China. The Thai business enterprises in China became the first foreign-invested enterprises to invest in mainland China, and they have a locomotive effect on China's economic construction. There are a large number of Thai Chinese businessmen. The size and quantity of Thai Chinese businessmen enterprises

are large, and are a representative part of overseas Chinese businessmen. Through a more comprehensive analysis of the formation and development of Thai Chinese businessmen capital, its characteristics, and the motivation, stage and characteristics of Thai Chinese businessmen investing in mainland China, we can further understand the trajectory of Thai Chinese businessmen economic development and the development of Sino-Thai relations.

Yang Aijie (2010). proposed that while opening up the commodity production fields in China, China gradually liberalized the restrictions on foreign investment in the service sector and further increased its opening up. In December 2004, the Chinese government canceled the restrictions on the geographical, equity and quantity of foreign-invested commercial enterprises, realized all-round opening, and introduced a large amount of foreign investment in China. This will have a profound impact on the reform and development of China's retail industry. Therefore, taking Thailand's Charoen Pokphand Group's sales strategy in China as an example, it proposes a strategy for Thai companies to invest in China's retail industry.

Shalina (2013). Thai companies have been developing in China for a long time. They have formed a certain market scale and established a large number of loyal customers. There is always fierce competition in the market environment of the company. By analyzing the development of Thai enterprises in China through Porter's theory of competition strategy, the author thinks that Thai enterprises should first do their own positioning well, and that large enterprises with superior strength should continue to adhere to the "cost leading" strategy. Most small and medium-sized enterprises should use the strategy of "specialization", Thai enterprises will take some risks if they choose "differentiation".

Liu Peiqin (2015). believes that in October 2003, China and Thailand signed a zero-tariff agreement on fruit and vegetable products. In 2010, the China-ASEAN Free Trade Area has officially established. All of these have greatly

promoted the development of fruit trade between the two sides. SWOT analysis was used to analyze the competitive position of Thai fruit in the Chinese market; the trade competitiveness index (TC) and revealed comparative advantage index (RCA) were used to measure the international competitiveness of Thai fruit in the Chinese market; analysis on the factors that restrict the export competitiveness of Thai fruit.

Chang Tiantong and Ming Dajun (2014, August 26). Thai goods will use Alipay to enter the Chinese market. Thai companies can apply to become Alibaba certified members or senior members through Kaitai Bank. In addition to selling products online, they can also participate in online marketing training for free, enjoy the opportunity to promote on the website of Thailand region. Kaitai Bank has connected the payment gateway to Alipay, and Alipay provides payment and guarantee services for corporate customers of Kaitai Bank. These companies registered on the Alibaba website can make cross-border online collection. Thailand is the most promising and important market in Southeast Asia in developing e-commerce.

2.2.2 Foreign Related Research Results

Siripiriyalwl Danunuch (2016). Thailand "One Village One Product (OTOP)" project, which encourages towns across the country to develop their own economy and supports local farmers in Thailand to produce their specialty products based on their own wisdom and local materials. With the help of the government, the producers can create their own brands, consolidate the existing sales channels, and actively open up new sales channels. It is the gradual development of producers from the production model of small workshops to the production model of enterprise scale. Then sell and promote the products to all parts of the country as well as international markets. 2OTOP products will have greater opportunities and face with more severe market competition and challenges. In order to develop the OTOP project, OTOP products

must cater to the trend of mass consumption and broaden the sales channels. Thailand's OTOP companies still have some operational and management problems themselves. If they want to go to the international market, there are still many aspects to be improved.

Suphansa Thongtawee (2012). Research on strategy for Thailand's agricultural investment in China and taking the Thai Zegda Group as an example. Thailand's modern agriculture is relatively developed, and the Zegda Group is one of the leading modern agricultural leaders. Zegda Group has more than 70 joint ventures and wholly-owned enterprises in China, and is actively entering China to invest in modern agriculture. The establishment of China-ASEAN Free Trade area has a great influence on the investment strategy of transnational groups, and the study of Thai Zegda Group's investment in Thailand and China's modern agriculture is of great significance.

(Center, 2015) Thailand Taihua Farmer Research Center (2015). The Taihua Farmer Research Center believes that, the rapid development of China's retail industry provides manufacturers with more channels for distributing goods, and Thai products that have entered the Chinese retail network are expected to have a share. Therefore, Thai commodity exporters who have not yet entered the Chinese retail network should actively consider following up to gain more business opportunities and make their products enter China more smoothly. At the same time, Thai exporters are advised to consider promoting Thai goods through e-commerce channels that Chinese consumers are keen on, such as advertising in popular online stores such as Alibaba, Jingdong Online Mall, Amazon and Dangdang. Thai exporters can regard the Midwest region as an entry point for Thai goods to enter the Chinese retail distribution network, select products of superior quality and suitable for market demand, and open the Chinese market through large or foreign retail enterprises.

The Taihua Farmer Research Center believes that Thai commodities also face many obstacles and challenges when they enter the Chinese market. First of all, Thai commodities face competition from other foreign products that also strive to penetrate the Chinese market. Therefore, Thai products must not only exceed Chinese products in quality, but also be able to compete with other countries' products. Secondly, it takes a lot of patience to break into the supply and marketing network of Chinese retail enterprises, because the supply relationship of Chinese retail enterprises is generally relatively fixed, and it is difficult for new suppliers to open the gap. Furthermore, if there is a lack of in-depth understanding to different consumer behaviors of consumers in different parts of China, competition with local products and foreign products that have been sold for a long time will be at a disadvantage position. Finally, if foreign goods have an impact on domestic industries and consumption, the Chinese government may restrict the import of foreign goods by establishing commodity quality standards or other measures. The Taihua Farmers Research Center recommends that Thai exporters who entering the Chinese market for the first time can use the channels provided by the Thai government departments, such as participating in product fairs in China organized by government agencies.

Kuanchai (2015, 14 November). Thailand government and Chengdu's commerce are complementary: Thailand government and Chengdu are complementary in terms of trade and communication. Thailand has high-quality 'One Town, One Product' agricultural product. Chengdu has a strong strength in the field of IT and electronic technology. Thailand should learn from Chengdu for development and research experience.

Suthi Makboon (2016, October 13). 255 "One Town, One Product" in Thailand unveiled at the Lanmei Commodity Fair:

At present, there are 40, 542 employees and 83,286 products registered in “One town, One product” in Thailand, with sales of 125.2 billion baht in fiscal year 2016. At the Lantsang Mekong Sub-regional Commodities Fair, Thailand led 255 producers and traders in “One town, One product”, most of which were small and medium-sized enterprises, reflecting the importance the Thai government attaches to sub-regional cooperation. It is also a good opportunity for Thailand, enabling employees from six countries of the subregion to learn from each other, and to facilitate cooperation among the countries of the subregion in bringing their commodities to the world market and improving the living standards of the peoples in the subregion. It comply with the "Belt and Road" initiative, and is also the most concrete embodiment of the implementation of the initiative.

Apichat Todilokvech (2017). Thailand 2016 “OTOP CITY 2016” has achieved transaction volume of more than 600 million in 6 days. The OTOP support work arrangement will implement government policies, mainly from the following three aspects: 1. Help OTOP companies develop new products. Including skills training, helping to improve manufacturing levels and expanding sales networks. 2. Accelerate product quality and standard upgrades. 3. Expand a wider marketing channel. Including local and overseas consumer markets.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Research Thinking Framework

To study the development strategy of the Thai Pavilion of China Yiwu International Trade City, we first need to understand the Chinese consumers' perception and recognition of Thai goods. Secondly, from the aspects of upstream, middle and downstream, make overall analysis to the advantages, disadvantages, opportunities and challenges of the Thai Pavilion in the export of Thai products, apply corporate strategy theory to develop the development strategy of the Thailand Pavilion.

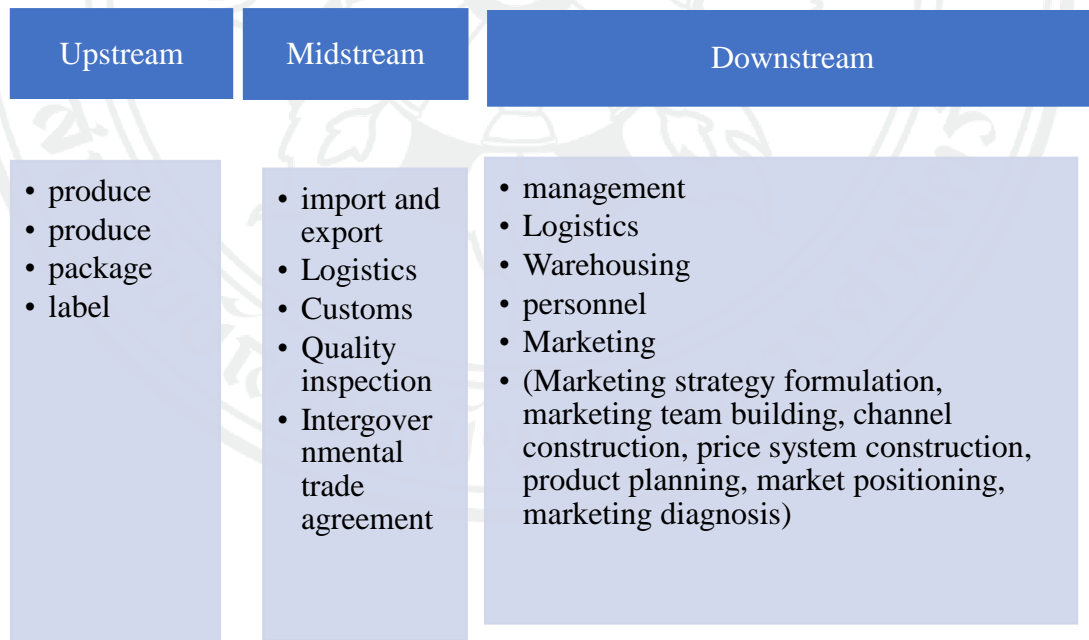


Figure 3.1 Thailand Pavilion Research Thinking Framework

Source: revised by researcher, 2018.

3.2 Research Methods

In the field of management research, quantitative research and qualitative research are two very important research methods. The two methods have their own advantages and scope of application. This study adopts a combination of quantitative research and qualitative research.

3.2.1 Quantitative Research

1) Population

Customers of China Yiwu International Trade City.

2) Sampling method

The investigator will sample by random sampling.

3) Sample

200 customers in China Yiwu International Trade City.

4) Research tools

Questionnaire. See attachment.

5) Collecting data

During the time from Monday to Sunday, the questionnaire was distributed in the Trade City and collected in time.

6) Data analyzing

The collected questionnaires were resorted and analyzed after manual statistics using EXCEL and SPSS, mainly consider the average and percentage data.

3.2.2 Qualitative Research

It mainly includes literature research methods and in-depth interviews. Literature research mainly refers to official documents, including statistical data and official website. The in-depth interview method includes the following details:

1) Research target

The research subjects of this study are customers of Yiwu Trade City, as well as officials in charge of business trade.

2) Interviewee

The interviewee in this study are mainly those who are interested in the Sino-Thai trade, and familiar with the Yiwu Trade City and the Thai Pavilion. Including: 2 officers in the Thai Pavilion, 2 people in the neighbors of the Thai Pavilion in Yiwu Trade City (totally 4 people), 3 long-term customers of the Thai Pavilion, 3 in the non-Thai Pavilion customers, and 3 government officers. A total of 15 people.

3) Research tools

The researchers first designed an interview outline. In the interview, the questions were mainly presented according to the outline, and some control was given to the topics discussed, which led the interviewees to fully express their views on related issues. For the main points of the interview, see the attachment.

3.3 Collecting Data

The interviews were mainly face-to-face interviews, with recordings and interview notes as a record. Interviews are semi-open and follow the pre-designed interview outline. Usually, the interviewee is contacted about a week or so in advance, and the main topic of the interview is informed so that the interviewees can be prepared and the conversation can be deeper. A conversation with each interviewee took about 60 minutes. With the permission of the interviewees, the interview was recorded by a recording pen or computer for the whole process.

3.4 Analysis Data

After the interview, the researchers sort out the interview data, classify it to form interview material, and conduct qualitative research on this basis, refer to the main theory and actual situation, and finally form a research report.



CHAPTER 4

RESEARCH RESULTS

4.1 Background Information

4.1.1 Construction and Development of Small Commodity Market in Yiwu City

Yiwu City in Zhejiang Province of China is China's largest small commodity distribution center, and has also become the “World capital of small commodity” The construction of the professional market in Yiwu provides a new model for China's regional development. Under the overall planning and active guidance of the government, Yiwu has created a world-oriented trading platform by developing free markets, providing market services and reducing property costs, made Yiwu develop into the largest small commodity trade market in China and the world.

The construction of small commodity market in Yiwu has been completed for more than 30 years since China's reform and opening up. It is divided into three main stages, including 1. The spontaneous formation of the market. 2. The stage of government promotes the market management. 3. Market opening up and upgrading stage. The formation of Yiwu international trade professional market is a gradual process, accompanied by the process of China's reform, opening up and marketization.

1) The spontaneous formation of the market. Before the reform and opening up of China, the planned economy forbids the free market. However, because the planned economy could not fully regulate the material needs of the people, there were some spontaneous trading behaviors in various places. In the history of Yiwu, there is also a tradition of “chicken feather for sugar”, that is, the history of people

toted with a carrying pole to exchange sugar produced by Yiwu City for barter with other areas. After the establishment of the new China, the implementation of the planned economy made the behavior of “chicken feather for sugar” gradually disappeared. In 1979, the Yidong District and the Futian Commune in Yiwu City firstly assembled to sell small items such as buttons, socks, and feather dusters in Yiwu County at that time, forming the earliest market. At the beginning of the market, it was also recognized as an illegal market. Finally, with the continuous implementation of China's reform policy, the Yiwu County Administration of Industry and Commerce began to issue “temporary license of exchanging sugar as the small commodity for the chicken feathers” for those who participate in the market in 1980, and establish a market with fixed business premises, which is the beginning of the legalization of the small commodity market in Yiwu.

2) The stage of government promotes market management. After the comprehensive implementation of the reform and opening up policy in 1981, the government began to encourage and promote the construction of the market. First, on the market operation site, the government upgraded the original market in Yiwu to the market by establishing a market management organization. Second, the government began to issue loans to individual traders to solve the problem of capital turnover of individual industrial and commercial households. Finally, the government has introduced the management standards and policies of individual traders through the industry and commerce and taxation departments, so that the government's management of individual traders is becoming more formal. By 1982, the market scale gradually expanded. The number of individual traders, the types of goods traded and the purchase of foreign merchants in the market increased significantly. The original market was unable to meet the trading needs of different vendors. The Yiwu County government strengthened the management of the small commodity market, registered the fixed-trading vendors and issued temporary licenses, and changed the

fixed tax rate to start taxing according to the turnover. The government also officially established a market management organization to regulate the operation of the small commodity market.

After the establishment and stabilization of the market mechanism of the small commodity market in Yiwu, it quickly attracted the purchase of merchants from other regions. The number of local and foreign traders in Yiwu who officially registered to join the small commodity market also increased rapidly. By the end of 1982, the booths in the small commodity market had been more than 750, and the transaction volume reached 3.92 million.

3) The stage of market opening and upgrading. Under the support and management of Yiwu County Government, Yiwu Small Commodity Market has become an important local market in Yiwu County and its surrounding areas. With the expansion of market size and market scope, the government and private capital began to cooperate to jointly upgrade the overall transportation, market facilities and management services capabilities of Yiwu City.

Firstly, upgrade Yiwu transportation. Yiwu opened its Yiwu-Nanjing Pukou Railway agency in 1985 and began to operate. This also marks the ability of Yiwu Small Commodity Market to transport goods by rail, greatly increasing the radiation range of Yiwu Small Commodity Market. The Yiwu Railway Union's consignment routes have reached more than 1,000 so far. In 2017, the Yiwu-Prague Central Europe train was opened, opening a new trade route between the Czech Republic and Zhejiang Province in China. The train passes through Poland, Belarus, Russia, and Kazakhstan. It enters China from Alatau Pass and finally arrives at the destination of Yiwu in Zhejiang. The transportation time is about 16 days.

Secondly, upgrading the small commodity market facilities. Yiwu City, after the success of Yiwu Small Commodity Market, began to build various commodity markets including furniture, lamps, clothing, home appliances, digital, etc., making Yiwu small commodity market shift to a specialized market. China Yiwu International Trade Market is composed of three wholesale markets: International Trade City, Liyuan Market and Binwang Market. The first phase was laid in October 2001. The fifth phase of Yiwu International Trade Market opened in May 2011. It has developed into the largest international trade market in Yiwu. China Yiwu International Trade City is located in Chouzhou Road, Yiwu, with a business area of more than 4 million square meters, 70,000 shops, and a daily flow of more than 200,000 buyers. In 2005, China Yiwu International Trade City was also rated as “the world's largest small commodity wholesale market” by the United Nations, the World Bank and Morgan Stanley.

Finally, strengthen management service capabilities. A special market management committee is set up in the small commodity market, which is composed of industrial and commercial, taxation, public security, trade unions and other institutions to improve the efficiency of administrative work in the small commodity market while ensuring the operational order of the small commodity market. In recent years, Yiwu small commodity market is also constantly improving the quality of goods, combating with counterfeit and shoddy products, and protecting the reputation of Yiwu market.

With the improvement of market specialization, Yiwu small commodity market is also constantly improving the professionalism of market management, which makes the efficiency of the market improve and becomes a strong backing for market development.

4.1.2 Status of Trade in Yiwu, China

In 2011, the State Council officially approved the “Overall Plan for the Comprehensive Reform of International Trade in the experimental point Yiwu City, Zhejiang Province”, and divided Yiwu City into the 10th comprehensive reform pilot zone in China. Yiwu City has a stable development of import and export trade for a long time. With the goal of building a “world's small commodity capital”, it has continuously reformed its international trade and promoted market transformation and upgrading and import and export trade growth.

In recent years, Yiwu's import and export trade has grown rapidly, especially the cross-border e-commerce industry has developed rapidly. The development of import and export trade has the following characteristics:

Yiwu import trade characteristics

1) The scale of imports is small, and the annual fluctuation is not large. In recent years, the total volume of import trade in Yiwu City is small, and the total annual import volume has continued to fluctuate. The reason for the decline in the total volume of import trade is mainly due to the increase in material prices or the change in the procurement of raw materials by a single company.

Table 4.1 Analysis of Import Trade Data of Yiwu City from 2014 to 2017

Year	Import (100 million yuan)	Year-on-year situation (%)	Sales of imported goods (100 million yuan)	Year-on-year situation (%)
Year 2014	9.57	17.34	60	-
2015	22.36	-24.4	65	8.3
2016	27.86	24.6	75	15.4
First 10 months of 2017	29.3	39.9	-	-

Source: Yiwu Municipal Bureau of Commerce, 2017

From 2014 to 2017, Yiwu's imports have shown a growth trend. According to statistics, the sales of imported goods in 2014-2016 reached 6.0, 6.5, and 7.5 billion yuan respectively. The sales of imported products on the platforms of the Import Commodity Pavilion in the Fifth District of Yiwu International Trade City and the Imported Food Zone in the Non-staple Food Market are growing.

Compared with the whole country, the import scale of Yiwu City is higher than the national and Zhejiang average, but the total import volume of Yiwu City is still small. The overall scale only accounts for 1.25% of the total import and export volume of Yiwu City in 2016, accounting for 0.54% of the total import in Zhejiang Province. In the first quarter of 2017, the turn volume of imported goods in Import Commodity Pavilion in the Fifth District of Yiwu International Trade City was 366 million yuan, a year-on-year increase of 15.4%. However, due to the small scale of the overall transaction, it only accounted for 1.15% of the total turnover of Yiwu International Trade City.

2) The source of imported goods is scattered, and there are relatively many neighboring countries. In 2016, Yiwu imported from 113 trading countries. From January to April 2017, Yiwu imported from 83 trading countries. The import trade countries of Yiwu are generally scattered, with Asian countries around China as the mainstay. In 2017, China imported 684 million yuan from Asian countries, of which 77.16 million yuan was imported from Thailand, an increase of 197.22% year-on-year. Thailand is also the fastest growing country among the importing countries of Yiwu in 2017.

Table 4.2 Main Source Countries (regions) of Yiwu Import in 2016

Sort	country / region	Cumulative import (USD 10,000)	Year-on-year situation %	Main imported goods
1	Taiwan, China	12962.04	63.23	Plastic and its products
2	America	4939.65	124.78	Aluminum and its products
3	Germany	1864.5	161.75	Aluminum and its products
4	Thailand	1786.5	9.02	Rubber and its products
5	Netherlands	1782.21	288.46	Aluminum and its products
6	Nigeria	1615.88	-70.29	Wood and its products
7	Korea	1421.08	17.75	Plastic and its products
8	Japan	1370.1	2.19	Miscellaneous products
9	Malaysia	971.17	446.6	Miscellaneous foods
10	United Kingdom	708.67	146.72	Aluminum and its products

Source: Yiwu Municipal Bureau of Commerce, 2017

3) There are many types of imported goods, and local enterprises directly import is less. Yiwu imports more than 100,000 kinds of products, including materials, food, handicrafts and other types. At the same time, most of the imported goods in Yiwu are not imported for local enterprises in Yiwu. According to customs statistics, most of the imported enterprises are foreign enterprises or second- and third-level agents.

In the Import Commodity Pavilion in the Fifth District of Yiwu International Trade City, the total number of foreign enterprise agencies is 21, and the source or proportion of imported goods is about 60%. From January to April 2017, Yiwu local enterprises imported 915 kinds of goods, although the year-on-year growth was 11.59%, the total number and types of imported products are still small.

4) Imports of daily consumer goods increased, but the total amount is still small. Yiwu City imported a total of 450 million yuan of daily consumer goods in 2016, a year-on-year increase of 107.39%. From January to April 2017, Yiwu imported 136 million yuan of daily consumer goods, a year-on-year increase of 50.03%. From the perspective of the types of daily consumer goods, Yiwu's imported daily consumer goods are concentrated in Southeast Asia, Japan, South Korea, Spain, France and other regions. Most of the imported products are second- and third-line brands produced by small and medium-sized enterprises in the importing countries. First-line brand imports are still low. Although the overall import of daily consumer goods has increased, the proportion of total imported goods is still small.

Table 4.3 Top 5 Products in Yiwu's Imports in 2016

Sort	Imported goods category	Total imports (ten thousand yuan)	Year-on-year (%)	Proportion of imports
1	Beverage, wine and vinegar	10048.30	157.52	3.63
2	Organic surfactants, detergents, lubricants	3896.41	32.46	1.41
3	Miscellaneous products	3516.11	304.52	1.27
4	Vegetables, fruits, nuts	3056.44	808.81	1.1
5	Fruits and nuts	2463.69	503.26	0.89

Source: Yiwu Municipal Bureau of Commerce, 2017

Table 4.4 Top 5 Products in 2016 for Production Materials and Other Merchandise Imports

Sort	Imported goods category	Total imports (ten thousand yuan)	Year-on-year (%)	Proportion of imports
1	Plastic and its products	81868.13	29.18	29.59
2	Machines, machinery and equipment	37589.45	423.63	13.59
3	Aluminum and its products	32515.91	91.08	11.75
4	Wood and wooden products	30682.45	-59.33	11.09
5	Optical, camera, medical instruments	16018.27	12463.41	5.79

Source: Yiwu Municipal Bureau of Commerce, 2017

5) The number of import enterprises has increased, and most of them are small and medium-sized enterprises. In 2016, Yiwu City's enterprises importing goods from abroad reached 440 plus, which showed an upward trend compared with the same period in 2015. From January to April 2017, Yiwu City's enterprises importing goods from abroad reached 286 plus, an increase of 29.41%. Although the number of import enterprises has increased, most of them are small and medium-sized enterprises. The total strength was weak. Enterprises who had total import of more than 5 million US dollars in 2016 were only 18, of which 7 imported raw materials for production. In the January-April 2017 period, the number of enterprises importing more than 1 million US dollars was 26, of which 7 imported raw materials for production. In 2016, the import value of circulation-type enterprises who import goods for sale reached 1.904 billion yuan, a year-on-year increase of 27.26%, accounting for 68.34% of the total imports of Yiwu City. The enterprises importing goods used for production reached an amount of 8.82 billion yuan, a year-on-year increase 19.23%.

6) Imported enterprises have grown well, but their operations have been limited. Yiwu Small Commodity Market has a total of 120,000 square meters of imported products exhibition platform. In the Import Commodity Pavilion in the Fifth District of Yiwu International Trade City, the operating area is 100,000 square meters with 181 enterprises. Huangyuan clothing market South Korea imported clothing city, the operating area is 12,000 square meters with 190 enterprises. The food market for the non-staple food market has a business scope of 6,000 square meters and 28 enterprises. At present, in the Import Commodity Pavilion in the Fifth District of Yiwu International Trade City, the Liyuan clothing market South Korean import clothing city and the food market for the non-staple food market, the import goods service and operation are in good condition, but it is already saturated due to the restrictions of the operation site. In particular, the Import Commodity Pavilion in the

Fifth District of Yiwu International Trade City currently has many enterprises who wishing to enter, but it is unable to meet the needs of enterprises due to the saturation of the site.

7) Gradually form an import commodity distribution center to accelerate regional radiation. The quality of the enterprises in the Import Commodity Pavilion in the Fifth District of Yiwu International Trade City has been improved, and the influence has been continuously expanded. The market for imported goods has gradually formed, and buyers have gradually increased. However, most of the imported goods in the Import Commodity Pavilion in the Fifth District are second- and third-line products. The market competitiveness of products is relatively low, and only part of the commodities form the regional radiation.

In the first four months of 2017, the import of baby diapers categories reached 25.9442 million yuan, a year-on-year increase of 16 times. At the same time, it radiated to neighboring counties and cities, as well as markets in Shenzhen and Hunan. Nuts import was 5.7881 million yuan, 25 times increase over the same period of last year. The nuts import of non-staple food market has seen an increase in radiation area. The food red wine area of the Import Commodities Pavilion has a business area of more than 5,000 square meters, of which 48 companies have a certain range of regional radiation.

8) Expos and exhibitions have certain influence, but they have not become national exhibitions. In 2017, Yiwu City held an import goods shopping festival to attract 462,600 passengers, with a total turnover of 118.7 million yuan, an average daily increase of 6.8%. From May 6th to 9th, 2017, the 2017 Yiwu Import Commodities Fair held in Yiwu City reached the number of 2006 international standard booths. The number of participating countries reached 100, and the number of enterprises reached 1,518. The exhibition attracted 151,300 buyers and the turnover

reached 1.276 billion yuan. However, the level of fairs and exhibitions in Yiwu have not yet upgraded to a national level, so the influence is limited.

9) The bonded area is expanding rapidly, but the degree of intellectualization is still low. From January to April 2017, Yiwu Bonded Logistics Center (Type B) achieved an import and export volume of USD214 million, a year-on-year increase of 150.19%, ranking 10th in the country. Among them, the value of inward bonded warehouses reached USD 45.55 million, a year-on-year increase of 157.8%. Despite the rapid development of the business, the management level is still not high. The intelligent system for goods entering the bonded area and customs clearance from the bonded area has not yet been established. The bonded area has not been effectively docked with customs and commodity inspection. The cost of customs clearance when importing goods is relatively high

4.1.3 Problems with the Import of Goods in Yiwu City

1) Yiwu has lower customs clearance efficiency than other port cities. According to the survey of Yiwu import enterprises, the customs clearance environment in Yiwu is generally good, but compared with Shanghai, Ningbo, Guangzhou, Tianjin and other places, there is still a big gap. The problems in the import of goods are big problems in both software and hardware, including the tightness of the import inspection business personnel, the lack of proficiency in business operations, the lack of on-site judgment and discretion, the standard of making and affixing the Chinese label and two-dimensional anti-counterfeiting traceability code is different, the efficiency of inspection and quarantine and the efficiency of customs price review still need to be improved. The efficiency of government functions is low, which leads to a lack of surplus and cost increase in the import business of enterprises.

2) There are few import trade service enterprises and third-party institutions. There are few enterprises providing comprehensive services for import trade, and the level of business is generally not high. The institutions provide third-party testing and analysis services for imported goods are not true. There are 5-6 local large-scale import service enterprises in Yiwu. In 2016, there were only 2 enterprises with a customs declaration import value of more than 5 million US dollars, and only one enterprise officially declared to be a comprehensive trade service enterprise. After the opening of the “Yi Xin Ou” train, it also faced the problem of insufficient import trade service institutions. In the end, the imported goods on “Yi Xin Ou” train were cleared by the issuing unit, mainly because of the small number of local agency companies and the lack of professional talents. Most customs declaration companies are completely unfamiliar with the railway customs clearance business, and lack familiarity with the basic procedures and bills.

3) The import financing environment needs to be improved. The demand for financing in Yiwu is relatively more urgent than that of export enterprises and import enterprises. The financial institutions of Yiwu City have relatively few financing products for imported enterprises. Most importers, especially newly entered enterprises, are difficult to obtain bank credit, so they cannot issue letters of credit in trade. In July 2016, the government established an import industry government credit enhancement fund of 100 million yuan. Due to the large number of participating departments, the application process was complicated, and the commercial group required that the mortgage be limited to the importer of import pavilion in the fifth district of Yiwu International Trade City, as a result, the audience range was too small, and only one import company applied for a loan, and the loan amount was 229,000 US dollars.

4) Cross-border e-commerce import business has grown rapidly, but the cross-border e-commerce platform has not been established. Traditional import enterprises have requirement on cross-border e-commerce import, cross-border e-commerce enterprises hope to carry out cross-border import business, and with the development of cross-border e-commerce import and export business, it puts forward new requirements for the development of cross-border e-commerce business in Yiwu. The current e-commerce import channel in Yiwu is still not perfect. The 1239 import supervision platform for cross-border e-commerce in Yiwu is still under planning, and the overall work has not yet begun. The personal mailing business of Yiwu City was opened on May 12, 2016. However, due to the low popularity of personal mailing services, the average personal business per day was less than 300.

5) The functions of the various import market platforms overlap and the business is not clear enough. The import platform of the Yiwu city is mainly concentrated in the three major platforms. Although there are differences in the positioning of import functions, there are still problems in the actual operation, such as overlapping with each other and unclear industry division.

The import goods pavilion in the fifth district of Yiwu International Trade City overlaps with the merchants and commodities of the imported food area in the non-staple food market. The popularity and influence of the imported food area in the non-staple food market is relatively small. Huangyuan clothing market Korean imported clothing city is relatively slow in developing. The import goods pavilion in the fifth district of Yiwu International Trade City is developing rapidly, but it also faces with some problems, including: lack of storage, food and other functions in the vicinity of the import goods pavilion in the fifth district of Yiwu International Trade City; a distance away from the duty-free zone and the city center; some of the goods are not the source or there are homogenous bidding sales, and currently the development does not exceed the expectation in either wholesale or retail.

4.1.4 The Development Direction of the Development of Import Work in Yiwu City.

The overall development direction of Yiwu's import work, the specific measures of the Yiwu Municipal Government include the following aspects:

1) Cultivate the import entities. Vigorously cultivate import entities, on the one hand, encourage Yiwu local enterprises to carry out import business, and engage in import and export concurrently. On the other hand, increase investment promotion efforts, and promote the import trade environment and related policies of Yiwu City in areas with relatively developed markets and more imported goods such as Shenzhen and Shanghai, and attract powerful import enterprises to enter Yiwu City. Actively cultivate and introduce import service enterprises. In particular, cultivate and introduce imported supply chain enterprises, mature customs clearance companies, and import trade integrated service enterprises, and create a number of import trade win-win chain service platforms. Continue to implement the 100,000 import trade talent training program. Based on the training of 85,000 people in the previous two years, it will train another 15,000 people this year.

2) Exploring the source of goods and going deep into the source of supply. Yiwu City supports enterprises to obtain the distribution rights of overseas products, and actively promotes the entry of foreign second and third-line brands into the three major import platforms by holding import commodity fairs and supporting enterprises' export negotiations. This year, it will strive to increase the number of agents of more than 20 levels. Yiwu supports the OEM designed, OEM produced and imported goods. Support enterprises overseas mergers and acquisitions, support enterprises' purchase production, order production, contracted wineries and so on. Support the domestic free trade zone, cross-border e-commerce comprehensive test zone to set up office in Yiwu.

3) Expand the scope of imported goods. Yiwu supports enterprises to import high-tech equipment. It encourages production enterprises to introduce new production lines from abroad and actively carry out upgrading and replacement of old machines and equipments. It supports the import of bulk commodities and production materials of cotton yarn, gemstone and mahogany required by the enterprises in the surrounding counties and cities. It accelerates the construction of opening ports and gradually assume the function of regional distribution of imported production materials. It supports the development of entrepot trade. It encourages overseas enterprises to establish “China warehouses” in Yiwu to support export enterprises to complete the mixed stuffing of imported goods in Yiwu and resell them worldwide.

4) Build a complete import platform. In the future, Yiwu will upgrade the capacity and management level of the three major import platforms. By building new markets and expand the import area, it will create conditions for accepting more import entities. At the same time, Yiwu City will establish a professional import block in conjunction with the city mailing update. Yiwu City will build a new import block in the surroundings of the fifth district of Yiwu International Trade City. Support enterprises to build a professional marketing platform for imported goods, encourage enterprises to build their own marketing platforms for wine, stone, mother and baby etc., and cultivate enterprises to become leading enterprises in the import industry. Support the construction of imported e-commerce sales platform. Promote the settledown of Alibaba goods source station, the Jingdong Global Purchase, and the Netease Koala, etc., encourage the import enterprises in Yiwu to join the e-commerce. In the future, Yiwu will actively apply for the custom ports of fruits, chilled aquatic products, and complete vehicles, and strive to develop these ports into ports for the import of all kinds of goods.

5) Establish a distribution market channel. Yiwu City will combine the construction of China's small commodity sub-market to expand the import commodity marketing network. Reproduce the practice of importing goods direct selling shop in the provincial government, and open import-oriented stores in institutions, communities, and urban and rural areas to increase the penetration of imported goods in Yiwu. And through carrying out of commodity exhibitions and fairs, the level and scale of Yiwu's imported goods exhibitions will be upgraded, and at the same time, it will actively strive to host China's international import fairs and enhance the influence of Yiwu's import market. Support enterprises to participate in various types of import exhibitions, and exhibitions will affect the network. With Yiwu's overall image museum, participate in various domestic import exhibitions in the group form to enhance the influence of Yiwu's import market; organize import trade enterprises to participate in various import exhibitions, and encourage enterprises to expand marketing channels. Support large enterprises such as Yuantong Express, to establish a nationwide sales network of imported goods based in Yiwu City.

China Yiwu International Trade City is located in Chengbei Road in Yiwu City and is an important small commodity market in Yiwu City. Yiwu International Trade City currently has a business area of more than 4 million square meters, 70,000 shops and more than 200,000 passengers per day. It is one of the most important small commodity markets in Yiwu.

The development goal of China Yiwu International Trade City is to establish a modern professional market, build a national-level small commodity trade market, and lead the transformation of China's traditional distribution market to a modern international market. Yiwu International Trade City has complete internal facilities and relatively good supporting facilities, including freight elevators, inner viaducts, large parking lots, convenient driving systems (vehicles can be drove to each floor), integrated information systems, food centers, banks and other financial

institutions. It is an international import and export commercial sales platform which integrated procurement, leisure and financial services into one.

China Yiwu International Trade City is divided into five regions, including: First District of China Yiwu International Trade City, Second District of China Yiwu International Trade City, Third District of China Yiwu International Trade City, Fourth District of China Yiwu International Trade City and the fifth district of China Yiwu International Trade City.

(1) China Yiwu International Trade City First District Market

The first district market of China Yiwu International Trade City was laid in October 2001. It was officially put into operation on October 22, 2002. The market covers an area of 420 mus, with a construction area of 340,000 square meters and a total investment of 700 million yuan. It is divided into the five major business areas of the main market, production enterprise direct sales center, commodity purchasing center, warehousing center and catering center. There are more than 10,000 business units with more than 10,500 business households. The first floor sells flowers and toys; the second floor sells jewelry; the third floor sells craft gifts; the fourth floor has opened the small and medium-sized production enterprises direct sales center, Taiwanese business pavilion, and Dongfufang is a foreign trade enterprise procurement service center. International Trade City is a commodity trading market integrating modernization, internationalization and informationization. Since the opening of the business, firstly, it realized the transformation from traditional trade to modernized operation mode which mainly are commodity display, negotiation, order accepting and e-commerce. It has been praised by domestic and foreign merchants as “the never-ending exhibition”; secondly, the international trade has surpassed the domestic trade. There are 40,000 merchants per day and 5,000 foreign merchants. The export rate of merchandise is over 60%. More than 90% of the merchants undertake foreign trade business, and the products are sold to more than

140 countries and regions. Thirdly, it realized the intelligence of market hardware, the entire market flow of people, logistics, information is fluent. There are 37 elevators and escalators installed. The cars can go directly to the second, third and fourth floor. The entire market installed more than 13,000 broadband network interfaces. Online transactions and access to information are available at every business unit.

(2) China Yiwu International Trade City Second District Market

The second district of International Trade City (F, G) was opened on October 22, 2004. The market covers an area of 483 mus, with a construction area of more than 600,000 square meters. It has more than 8,000 business units and more than 10,000 business households. The first floor sells luggage, umbrellas, ponchos and bags; the second floor sells hardware tools, accessories, electrical products, locks, and vehicles; the third floor sells hardware and kitchen appliances, small household appliances, telecommunications equipment, electronic instruments, watches, etc.; the fourth floor set up a production enterprise trading center, local specialty pavilion and other boutique trading areas; the fifth floor set up the foreign trade procurement service center; central hall of the market set up a centralized procurement center on the second and third floor, China Small Commodity Development History Exhibition Hall; Dongfu housing has supporting institutions and service institutions of business, taxation , police stations, banks, catering, logistics, postal services, telecommunications and other functions; market has supporting business buildings, office buildings, four-star hotels and two squares in the east and west, the opening of free cycle buses, the market was awarded by the National Tourism Administration as National AAAA shopping and scenic spots.

(3) China Yiwu International Trade City Third District Market

Introduction to the 3rd District of the International Trade City. The 3rd District Market of the International Trade City was put into use in September 2005. It is located on the north side of the International Trade City with a construction area of

approximately 460,000 square meters. The main market has 1-3 floors with more than 6,000 business units whose area is 14 square meters each. There are more than 650 exhibition halls on 4-5 floors whose area is more than 50 square meters each, and there are more than 8,000 business households. The first floor sells pen and ink supplies, paper products and glasses; the second floor sells office and study supplies, sports and leisure products\ sports equipment; the third floor sells cosmetics, zippers, buttons and clothing accessories; the fourth floor is the direct sales center for manufacturing enterprises; the fifth floor manages painting products (decorative painting, frame accessories and processing machinery). The market has advanced facilities and beautiful environment. It has multi-functional systems such as e-commerce system, intelligent security system, logistics distribution system and financial service system etc., the supporting service facilities such as central air-conditioning, large-scale electronic display, broadband network, network TV, data center, surround elevated driveways, large parking lots, and accommodation, catering, entertainment, are all available. The third district markets of the International Trade City wholeheartedly welcome Chinese and foreign merchants, production enterprises and foreign trade service agencies to join in and promote joint development.

(4) China Yiwu International Trade City Fourth District Market

The fourth district market of International Trade City is the sixth-generation market of Yiwu China Commodity City, with a construction area of 1.08 million square meters, more than 16,000 business units, and more than 20,000 business entities. The first floor of the market sells hosiery; the second floor sells daily necessities, gloves, hats, and other knitted cotton; the third floor sells footwear, belts, laces, ties, wool, and towels; and the fourth floor sells bras, belts, and scarves; the fifth floor set up a production enterprise direct sales center and a tourist shopping center.

The market basic service facilities are complete, which can meet the various needs of operators and purchasers. There are plenty of parking place in the market. In addition to the large underground parking lot, there are also a number of ground parking lots and rooftop parking lots. All kinds of vehicles can reach all floors of the market via the outdoor ring road. Both east and west sides of the market are functional supporting auxiliary rooms, covering modern logistics, e-commerce, international trade, financial services, catering services, etc., providing convenient services for merchants to purchase and negotiate.

The fourth district of the International Trade City adopts the advanced design concept of the current international large-scale commercial center, integrating a number of high-technology, including central air-conditioning, large-scale electronic display frequency, broadband network system, LCD TV system, solar power generation facilities, rainwater recovery system and other high-tech hardware facilities such as automatic sunroofs, it is the landmark buildings of Yiwu market modernization.

(5) Fifth District Market of Yiwu International Trade City in China

The fifth district market of the International Trade City was put into use on May 5th, 2011. The market covers an area of 266.2 mus, with a construction area of 640,000 square meters and a total investment of 1.42 billion yuan. It is divided into five floors and two underground floors, with more than 7,000 business units. It mainly engaged in imported goods, bedding, textiles, knitting raw materials, auto supplies and accessories etc., the market has a dedicated network service area.

The Imported Goods Pavilion is located on the first floor of the 5th District Market of the International Trade City. It has a planned area of 100,000 square meters and has more than 370 business units. It has five major business areas of African product exhibition center; food and health products; clothing, shoes and

hats, household items; jewelry and crafts; and other imported goods. There are more than 45,000 specialty products from Asia, Europe, Africa, North America, South America, and Oceania. Among them, the African Product Exhibition Center has a planned area of 5,000 square meters, which can open up trade windows for 50 friendly African countries. The ASEAN Product Exhibition Center is also located in the fifth district market with a planned area of 1,000 square meters, which will provide a product exhibition window for the 10 ASEAN countries.

The fifth district market of the International Trade City has absorbed the advanced concept of the international large-scale commercial center, and is an international business center integrating shopping, tourism and leisure. It is a global modern commodity wholesale trading market with modernization and internationalization.

China Small Commodity City is one of the largest small commodities import and export bases in China. The products have been exported to 219 countries and regions, with an annual export of more than 570,000 standard containers, and foreign trade exports accounted for 65%. The number of resident representative offices of foreign enterprises reached 3,059 which is the first in the country, with more than 13,000 permanent foreign businessmen. The UNHCR and the Ministry of Foreign Affairs and other institutions have established procurement information centers in Yiwu. 83 countries and regions have set up import pavilions in the market. The pattern of “buy global products and sell global products” was initially formed.

Since 2006, the Ministry of Commerce has issued the Yiwu China Small Commodity City Index and the industry standard of “Commodity Classification and Code”, which has enabled Yiwu Market, the “World Supermarket” to obtain the global small commodity trade pricing and picket age right, and realized a leap from the commodity output to standards and rules output.



4.1.5 Development History of Thailand Pavilion in Yiwu Trade City, China

In 2011, the establishment of the Thai Pavilion of China Yiwu International Trade City was aimed at building a platform for trade between China and Thailand.

The Thai Pavilion of China Yiwu International Trade City was established on June 28, 2011. It is a joint venture established by the Chairman of the General Chamber of Commerce of Jiangsu, Zhejiang and Shanghai and members of the Chamber of Commerce. It has become a wholly foreign-owned enterprise after the equity adjustment. The Thai Pavilion of China Yiwu International Trade City is located at Gate 107 of the 5th District of the International Trade City Import Commodity Hall.

Since the establishment of the Thai Pavilion of Yiwu International Trade City in China, although the progress has been relatively smooth, Thai goods have been loved by some people, but it has always been a difficult problem to open up the situation, expand operations and increase trade volume.

The Thai Pavilion can be said to be a symbol of economic and trade cooperation between China and Thailand. It is a touchstone. It has a great demonstration function for the acceptance of Thai goods in the Chinese market, and for the promotion of Sino-Thai trade.

The Thai Jiangsu, Zhejiang and Shanghai Chamber of Commerce is a commercial group approved by the Ministry of Commerce of Thailand. The registration number in the Ministry of Commerce of Thailand is: 0109551000152.

The Thai Jiangsu, Zhejiang and Shanghai Chamber of Commerce is composed of Chinese from Zhejiang Province, Jiangsu Province, Shanghai, and other provinces and cities, who work in Thailand. It is estimated that there are currently more than 10,000 Chinese from Jiangsu, Zhejiang and Shanghai in Thailand.

Qian Xianglin is the current chairman of the Thai Jiangsu, Zhejiang and Shanghai Chamber of Commerce. Under his leadership, after group attending of the Yiwu World Congress of Chinese Businessmen in 2009, under the guidance of the Overseas Chinese Affairs Office of the People's Government of Yiwu City, they visited Yiwu International Small Commodity City, and were also inspired. In 2010, the General Chamber of Commerce Yiwu Investment Company was established. After nearly a year of hard work, the products operated in the Thai Pavilion of Yiwu International Trade City are mainly products with Thai characteristics. Featured items are:

- 1) Thai crocodile leather products, including crocodile belts, crocodile leather wallets, etc.;
- 2) Thai bird's nest with pure natural characteristics of Thailand;
- 3) Dried durian, dried longan, etc. made from tropical fruits of Thai characteristics;
- 4) Thai fragrant rice;
- 5) Thai decorative crafts;
- 6) Thai massage essential oils and herbal soaps;

The Thai government has formulated a policy of “one village, one product”, and every village in the country has a product with its own local characteristics to be provided for the market. This is a huge source of resources for the Thai Pavilion. Under the leadership of the Yiwu Municipal People's Government and the Trade City Group, Thailand Pavilion Jiang has made greater contributions to the people of China and the world.

4.1.6 China-ASEAN Free Trade Agreement

Commodity trade and service trade between China and Thailand are now basically carried out under the framework of the China-ASEAN Free Trade Agreement. The vast majority of commodities are zero tariffs.

The China-ASEAN Free Trade Area, abbreviated CAFTA, is a free trade zone established by China and the 10 ASEAN countries. The communication between China and ASEAN began in 1991, and China became a comprehensive communication partner of ASEAN in 1996. In order to expand economic and trade exchanges between the two sides, China's Premier Zhu Rongji proposed at the third China-ASEAN Leaders' Meeting held in Manila in 1999 that China was willing to strengthen its connection with the ASEAN Free Trade Area. This proposal has received a positive response from ASEAN countries. In November 2000, Premier Zhu Rongji first proposed the idea of establishing a China-ASEAN Free Trade Area at the Fourth China-ASEAN Leaders' Meeting in Singapore and proposed to establish China-ASEAN Economic Cooperation Expert Group under the framework of the China-ASEAN Joint Committee on Economic and Trade Cooperation, so as to conduct research on the feasibility of establishing free trade relations between China and ASEAN.

In March 2001, the China-ASEAN Economic Cooperation Expert Group was formally established under the framework of the China-ASEAN Joint Committee on Economic and Trade Cooperation. The expert group conducted a full study on the impact of China's accession to the World Trade Organization and the establishment of free trade relations between China and ASEAN. It believed that the establishment of a free trade zone between China and ASEAN is a win-win decision for ASEAN and China. It is recommended that China and ASEAN use 10 years' time to establish a free trade zone. This proposal was officially announced at the Fifth China-ASEAN Leaders' Meeting held in Brunei in November 2001 after being endorsed by the China-ASEAN Senior Officials Meeting and the Economic Ministers' Meeting.

In November 2002, the sixth China-ASEAN Leaders' Meeting was held in Phnom Penh, capital of Cambodia. Prime Minister Zhu Rongji and the leaders of the 10 ASEAN countries signed the Framework Agreement on Comprehensive Economic Cooperation between China and ASEAN, decided to establish a China-ASEAN Free Trade area by 2010. This marks the official launch of the China-ASEAN free trade area. The Framework Agreement on Comprehensive Economic Cooperation between China and ASEAN proposes that China and ASEAN should strengthen and enhance economic, trade and investment cooperation among contracting parties; promote trade in goods and services, gradually liberalize trade in goods and services, and create transparency, free and convenient investment mechanisms; open up new areas of economic cooperation for closer economic cooperation among contracting parties; and other objectives of comprehensive economic cooperation.

In November 2004, China-ASEAN signed the Agreement on Trade in Goods, stipulating that from July 2005, In addition to the early harvest products and a small number of sensitive products already implemented in 2004, the two sides will implement tax cuts on about 7,000 other items.

In January 2007, the two sides signed the Agreement on Trade and Services in the Free Trade Zone, which was successfully implemented in July this year. At present, the two sides are working together to complete the negotiation of the Investment Agreement at an early date and ensure that the China-ASEAN Free Trade Area will be fully completed in 2010. The construction of the China-ASEAN Free Trade Area has further strengthened the close economic and trade cooperation between the two sides and made positive contributions to the economic development of Asia and the world.

On January 1, 2010, the trade zone was officially launched. After the establishment of the Free Trade Zone, ASEAN and China accounted for 13% of world trade, becoming a huge economy covering 11 countries, 1.9 billion people and GDP

of 6 trillion US dollars. It is currently the world's most populous free trade zone. It is also the largest free trade zone among developing countries.

China and Thailand have had friendly relations since ancient times, in order to further promote Sino-Thai trade, the two sides agreed in the process of China-ASEAN free trade agreement negotiations that, the two countries can firstly implement zero tariffs on products with more mature conditions and advantages that both China and Thailand possessed, also called “early harvest”.

China and Thailand formally signed the “Agreement between the Government of the people's Republic of China and the Government of the Kingdom of Thailand on accelerating the abolition of tariffs under the "early Harvest" Programme under the Framework Agreement on Comprehensive Economic Cooperation between China and ASEAN on 18 June 2003.” (Hereinafter referred to as the *China-Thailand Agreement on vegetables and fruits*). In order to ensure the smooth implementation of the *China-Thailand Agreement on vegetables and fruits* on October 1, the temporary regulations on the original place of goods under the *China-Thailand Agreement on vegetables and fruits* were formulated.

Annex: Temporary regulations on the Original Place of Goods under the *Agreement between the Government of the people's Republic of China and the Government of the Kingdom of Thailand on accelerating the abolition of tariffs under the "early Harvest" Programme under the Framework Agreement on Comprehensive Economic Cooperation between China and ASEAN*

Article 1 In order to implement agreement tax rate on imported vegetables and fruits goods by the Customs Import and Export Tariff of the People's Republic of China to the Agreement between the Government of the people's Republic of China and the Government of the Kingdom of Thailand on accelerating the abolition of tariffs under the "early Harvest" Programme under the Framework Agreement on Comprehensive Economic Cooperation between China and ASEAN (hereinafter

referred to as the China-Thailand Agreement on vegetables and fruits), correctly identify the original place of the imported goods under China-Thailand Agreement on vegetables and fruits, it hereby makes these provisions.

Article 2 These provisions apply to products imported under the “*China-Thailand Agreement on vegetables and fruits*” from Thailand (see the attached table for the list of products).

Article 3 The original place of imported goods subject to the Sino-Thailand agreement tax rate shall be determined according to the following rules: vegetables and fruit products listed in Chapters VII and VIII of the Coordinated Regulation, which are harvested, picked or collected from Thailand territory, are imported from Thailand, and in accordance with the provisions of direct transportation, it shall be regarded as originated from Thailand.

Article 4 Imported goods enjoying the Sino-Thailand agreement tax rate shall be transported directly from Thailand to the customs territory of the People's Republic of China. The following conditions should be considered as direct transportation from Thailand:

1) The transportation of products has not passed through any non-Parties' customs;

2) The transport of the product is via one or more non-Party customs (including the change of vehicles or temporary storage at non-Party customs), but the following conditions should also be met:

(1) The consignee of the imported goods can provide evidence that the transportation is only for geographical reasons and transportation requirements;

(2) The products transported are not traded or consumed in the territory of the non-Party;

(3) Except for the work required to load or unload or maintain the goods in good condition, the products shipped are not subjected to any other processing in the territory of the non-Party.



4.1.7 Overview of China-Thailand Trade in Goods

China and Thailand are geographically close to each other. From the perspective of the trade relations between the two countries, they have a very long history of exchanges and contacts. In the mid of 70s last century, China and Thailand established an equal and mutually beneficial diplomatic relationship. The economic and trade relations between the two countries have taken a step closer and laid a solid foundation for the exchanges between the two countries in economic, cultural and political development. At present, the research on the status quo and prospects of Sino-Thai trade development will help China to better trade with Thailand and contribute to the stable development of the bilateral relations. In addition, relevant research on Sino-Thai trade development is also conducive to providing a certain reference for China to maintain good foreign trade with other countries and has a certain positive effect on truly promoting China's foreign trade development and economic prosperity.

According to a detailed study of historical data, the trade between China and Thailand can be traced back to China's Yuan Dynasty. During the Yuan Dynasty, China had trade vessels entering the Thai market for trade, and the trade development between the two countries continued to flourish. The major target of Thailand's trade at that time was China, and it showed a trend of long-term trade development. It was not until 1949 that China established a new socialist China. At that time, due to the adverse effects of the Cold War after the Second World War, the relationship between China and Thailand fell to a freezing point. There was almost no political intersection and economical trade exchanges relationship between the two countries. It was not until 1975, when the establishment of diplomatic relations between the two countries began, the economic and trade exchanges between the two sides gradually recovered. Subsequently, the trade relationship between China and Thailand was basically in a relatively stable and rapid development state until the outbreak of the Southeast Asian

financial crisis in 1997. After the establishment of diplomatic relations, the two countries signed relevant trade agreements in 1978. After that, the trade volume between the two countries has shown a rapid growth trend. Until 1983, the trade between the two sides had a short stagnation period on the basis of rapid development. After three years of adjustment, from 1987 to the Southeast Asian financial crisis, China and Thailand have broken through all previous development periods in the development of economy and trade and have greatly leapfrogged and been upgraded. The outbreak of the Southeast Asian financial crisis in 1997 seriously affected Thailand. In this period, China has always adhered to the principle of mutually beneficial foreign trade, provided financial assistance to Thailand, and made positive contributions to the Thai economy's gloom. By 1999, the trade development between China and Thailand had a new trend of rising development. In 2003, the two countries signed a zero-tariff agreement on fruits and vegetables, which laid a solid foundation for better trade between the two countries. Before the impact of the global financial crisis in 2008 affected the trade between the two countries, the trade volume between China and Thailand has been in a period of sustained growth.

According to statistics from the Thai Customs, the import and export volume of Thai goods in 2017 was USD 460.51 billion, an increase of 12.5% over the previous year (the same below). Among them, exports were 235.93 billion US dollars, increase 10.4%; imports were 224.58 billion US dollars, increase 14.7%. The trade surplus was 11.36 billion US dollars, decrease 36.5%.

Except for China, Japan and the United States are Thailand's other two major trading partners. In 2017, Thailand exported US\$22.07 billion and US\$26.52 billion to these two countries respectively, increase 8.1% and 9%. The two countries together accounted for 20.6% of Thailand's total exports. Importation from the two countries are 32.39 billion US dollars and 15.02 billion US dollars respectively, an increase of 4.9% and 23.9%, accounting for 14.4% and 6.7% of Thailand's total imports. The

United States is Thailand's largest source of trade surplus, with a surplus of \$11.5 billion in 2017, decrease 5.8%. Thailand's trade surplus with Hong Kong was USD 9.33 billion, decrease 4.7%. The trade deficit mainly comes from China and Japan, with a deficit of \$15.33 billion and \$10.32 billion in 2017.

From the perspective of commodities, mechanical and electrical products, transportation equipment and plastic rubber are Thailand's main export commodities. In 2017, amount of exports were USD 74.27 billion, USD 31.52 billion and USD 28.84 billion, increase 11%, 5.4% and 22.5%. It totally accounts for 57.1% of Thailand's total exports. In addition, the export of food and beverage was 18.4 billion US dollars, an increase of 6.5%, accounting for 7.8% of Thailand's total exports. In terms of imports, mechanical and electrical products, mineral products and base metals and products are Thailand's main import commodities. In 2017, amount of imports were USD 69.68 billion, USD 31.64 billion and US\$ 2.845 billion, increase 7.6%, 25.8% and 15.2%. It together accounted for 57.8% of Thailand's total imports. In addition, imports of chemical products reached USD 18.55 billion, an increase of 14.5%, accounting for 8.3% of Thailand's total imports.

According to statistics from the Thai Customs, the import and export volume of bilateral goods between Thailand and China in 2017 was USD 74.14 billion, an increase of 12.6%. Among which, Thailand's exports to China were 29.41 billion US dollars, increase 24.7%, accounting for 12.5% of Thailand's total exports; Thailand's imports from China were 44.73 billion US dollars, increase 5.9%, accounting for 19.9% of Thailand's total imports. The trade deficit of Thailand was 15.33 billion US dollars, decrease 17.9%.

Table 4.5 Statistics of Thailand's Exports to Major Countries for the Whole Year of
2017

Country / Region	Amount	Year on year	Proportion
Total value	235931	10.4	100.0
China	29405	24.7	12.5
America	26518	9.0	11.2
Japan	22069	8.1	9.4
Hongkong	12274	7.7	5.2
Vietnam	11605	24.3	4.9
Australia	10491	2.5	4.5
Malaysia	10318	8.1	4.4
Indonesia	8806	9.7	3.7
Singapore	8171	1.6	3.5
Philippines	6935	9.2	2.9
India	6467	26.3	2.7
Cambodia	5279	14.6	2.2
Germany	4910	10.0	2.1
Holland	4758	13.3	2.0
South Korea	4648	15.8	2.0

Source: Zhengdian International (www.qqfx.com.cn) Thailand Business Unit, 2017

Note: In millions of US dollars

Plastic rubber and electromechanical products are the two major commodities exported by Thailand to China. In 2017, amount of exports were USD 8.66 billion and USD 6.64 billion, increase 37.1% and 16.3%, accounting for 29.5% and 22.6% of Thailand's total exports to China. In addition, the export of plant products was USD 2.91 billion, an increase of 8%, accounting for 9.9% of Thailand's total exports to China, and the third largest category of Thai exports to China. The fourth and fifth major categories of exports to China were chemical products and chemical, watches

and clocks, and medical equipments, which were exported for USD 2.09 billion and USD 1.74 billion, increase 27.2% and 3.6% respectively. Exports of wood and wooden products reached USD 1.65 billion, an increase of 21.9%.

Table 4.6 Statistics on Imports from Major Countries in Thailand for the Whole Year of 2017

Country / Region	Amount	Year on year	Proportion
Total value	224576	14.7	100.0
China	44734	5.9	19.9
Japan	32390	4.9	14.4
America	15023	23.9	6.7
Malaysia	11781	7.5	5.3
Taiwan province	8230	14.7	3.7
South Korea	8084	10.5	3.6
Singapore	7996	22.1	3.6
United Arab Emirates	7677	23.9	3.4
Indonesia	7410	15.5	3.3
Swiss	7275	75.5	3.2
Saudi Arabia	6175	26.3	2.8
Germany	6140	4.0	2.7
Vietnam	5020	12.8	2.8
Australia	4477	29.7	2.0
India	3943	52.5	1.8

Source: Zhengdian International (www.qqfx.com.cn) Thailand Business Unit, 2017

Note: In millions of US dollars

Mechanical and electrical products accounted for half of Thailand's total imports from China. In 2017, the amount of imports reached USD 20.87 billion, an increase of 4%, accounting for 46.7% of Thailand's total imports from China. Base metals and products, chemical products, plastics and rubber are the second, third and fourth categories of goods imported. In 2017, imports were USD 6.94 billion, USD4.18 billion and USD2.47 billion respectively, and imports of base metals and products decrease by 1%. Imports of chemical products and plastics and rubber increased by 22.9% and 14.6%. Textiles, raw materials and transportation equipment are the fifth and sixth largest categories of imported goods. In 2017, the amount of imports were 1.83 billion US dollars and 1.69 billion US dollars respectively, an increase of 1.3% and 19.1%. For the above products, Japan, the United States, Australia and Malaysia are China's main competitors.

4.1.8 One Town One Product in Thailand

The "OTOP" project in Thailand originated from the period of King IX of Thailand. King Bhumibol and Queen Sirikit proposed "OTOP" products in order to promote the development of local arts and crafts and to inherit Thai culture and customs. They gradually opened up the path for the Thai local characteristic product to enter the international market.

The "One Town One Product" project was firstly introduced by the Thai government in 2001 to promote the traditional handicraft industry and characteristic agricultural products passed down from generation to generation and to increase farmers' income. In 2017, a total of 36,000 similar workshop-style SMEs in Thailand joined the project. It aims at helping low-income groups to establish small and micro businesses such as family workshops by providing loans and other means, thus improving the living standards of low-income people. With the support of this project, the featured products promoted by the towns and villages can be applied for loans at

the National Savings Bank of Thailand once they have been approved by the government. The loan amount can be increased with the improvement of product reputation. The Thai government conducts star rating on all OTOP products every year, ranging from one star to five stars according to health conditions and sales status. The star rating directly affects the loan amount. Some people specialize in making peanut candy which is a four-star product now. With the government loan, she can not only open a small factory, but also produce peanut candy products out of towns and sell them to eight provinces nationwide. The daily turnover is 40,000 baht. (about \$1,280). In addition to providing loans, the government also regularly provides free training to small and micro enterprises who joined the project. In order to promote the special products under the OTOP project, Thailand holds a large-scale trade fair every two years, and OTOP markets of different sizes are frequently held in various places.

The “One Town One Product” project has achieved great success. During the visit of Chinese Premier Li Keqiang to Thailand in 2013, accompanied by Thai Prime Minister Yingluck, he inspected Thailand’s “One Town One Product” project in Chiang Mai. Yingluck introduced about the operation of the project to Li Keqiang. In front of each booth, Li Keqiang carefully asked about the production, processing and sales of these special products.

At the G20 Hangzhou Summit, Thai Prime Minister Ba Yu said that the Thai government's most important job was to promote OTOP products and projects (one town one product). In the exhibition of Thai pavilion of Lanmei Fairs, for the first time, Thailand has realized the appearance of OTOP products representing tunnels, heritage, innovation and culture in the Chinese market. This is the first time the Thai government has managed and organized enterprises to participate in foreign exhibitions. Correspondingly, the Chinese side has also set up a boutique Yunnan One County One Product Pavilion to promote the exchange and trade of Yunnan authentic

boutiques and international boutiques. It promotes the development of the exhibition from the single store function to the high-end exhibition with product release, business negotiation and goods trade.

In 2016, the Ministry of Internal Affairs of Thailand led 255 companies to participate in the first Lantsang Mekong Subregion Commodity Fair. The Director Abacha of the Urban and Rural Development Office of the Ministry of Internal Affairs of Thailand said that this time: On the “One Town One Product” commodity festival in Thailand, 255 producers and traders took part in the fair, which included food, drinks, herbs, clothing ornaments and souvenirs of One Town One Product. It is hoped that Thailand “One Town One Product” can take this opportunity to go from the community to the international market and expand trade opportunities.

4.1.9 Sino-Thai Logistics

China and Thailand have close geographical location and convenient transportation. Whether by land, sea or air transportation, it is very convenient. China-Thai two-way logistics integrates road transportation, sea transportation and air transportation, seaborne warehousing and distribution, which are all very convenient and the cost is not high. The shipping service is available from Bangkok to the main port of China for 12 days. Land transportation services: It takes 4 days from Bangkok, Thailand to reach major cities in China by the transportation of whole highway. Air freight service: realize the same day delivery. All of these have provided feasibility for Sino-Thai trade.

4.2 Chinese Cognition and Recognition of Thai Goods

After years of business development, the company's management has become more formalized. In terms of team work, there are marketing strategy development team, sales team for the pricing of commodities, etc., but there are still many deficiencies. Through quantitative and qualitative research, data collection and analysis, we can see that the company needs further improvement.

Based on the 200 questionnaires we received,

I. Personal Information

Gender: Male N = 120, 60%, Female N = 80, 40%

Age: A Under 18 years old (N=20), 10%

B 18~ 24 years old (N=30), 15%

C 25 ~ 30 years old (N=20), 10%

D 31 ~ 40 years old (N=100), 50%

E 41 ~ 50 years old (N=10), 5%

F 50 years old or older (N=20), 10%

Social occupation:

A student (N=30), 15%

B staff member (N=20), 10%

C manager (N=20), 10%

D businessmen (N=120), 60%

E freelance (N=10), 5%

II. Cognition of the Thai Pavilion

Table 4.7 Cognition of the Thai Pavilion

Cognition of the Thai Pavilion				
1	Do you know that there is a Thai pavilion invested by Thai businessman in the fifth district of the International Trade City?	Yes, I know. N=30 15%	Heard about it. N=50 25%	Do not know. N=120 60%
2	How did you get to know the Thai Pavilion?	Friend introduction N=60 30%	See the ad N=10 5%	Passing by inadvertently N=10 5%
3	Have you purchased the goods in the Thai Pavilion?	Yes N=20 10%	No N=180 90%	
4	How many times do you have to buy goods in the Thai Pavilion in a year?	once N=10 5% n=50%	many times N=10 5% n=50%	None N=180 Not compared N=180
5	What do you think of the price of Thai Pavilion goods?	Relatively cheap N=2,1% n=10%	Fair price N= 0 0%	Price is too high N= 18 9% n = 90 %
6	What do you think of the salesperson's service attitude in the Thailand Pavilion?	Satisfied N= 18 9% n = 90 %	Not satisfied N=2,1% n=10%	Quite dissatisfied N= 0 0%
7	Are the Thai Pavilion	Rich and	General	No diversity Others

Cognition of the Thai Pavilion				
	products rich and varied?	varied	N=2,1% n=10% 0%	N= 18 9% n = 90 %
8	Are you satisfied with the quality of the Thai Pavilion?	Satisfied N= 20 10% n = 100 %	Not satisfied N= 0 0%	Quite dissatisfied N= 0 0%
9	Do you think the quality of Thai Pavilion products is competitive?	Competitive N= 20 10% n = 100 %	General N= 0 0% n = 0 %	Very uncompetitive N= 0 0%
10	Do you think the price of Thai Pavilion products is competitive?	Competitive N= 0 0%	General N= 20 10% n = 100 %	Very uncompetitive N= 0 0%
11	Are you satisfied with the shopping environment of the Thai Pavilion?	Satisfied N= 20 10% n = 100 %	Not satisfied N= 0 0%	Quite dissatisfied N= 0 0%
12	If there is a possibility, will you buy the Thai Pavilion again?	Will do N= 20 10% n = 100 %	Not necessarily N= 0 0%	Will not N= 0 0%
13	If there is a possibility, would you like recommend the Thai Pavilion to a friend?	Will do = 20 10% n = 100 %	Not necessarily N= 0 0%	Will not N= 0 0%
14	What do you think is the biggest advantage of the Thai Pavilion?	Product quality = 20 10% n = 100 %	Product price N= 0 0%	Service N= 0 0%
				Others N=0

Cognition of the Thai Pavilion					
15	What do you think is the biggest disadvantage of the Thai Pavilion?	Product quality N= 0 0%	Product price = 20 10%	Service N= 0 0%	Others N=
n = 100 %					
16	Have you /have any plans to purchase Thai goods from other stores or channels?	Yes = 20 10%	Never had N= 0 0%	Will not N= 0 0%	
n = 100 %					
17	20. What are your proposals for the development of the Thai Pavilion?	1. Promote through media N=150, 75% 2. Price concessions N=120, 60% 3. Promotions activities N=180, 90% 4. Regularly hold other activities, Thai culture N=180, 90%			

From the quantitative research above, the distribution, recovery and analysis of 200 questionnaires, we have seen that the majority of people 60% of them do not understand the Thai Pavilion. The biggest advantage of the Thai Pavilion is the quality of the goods. 100% of those who have purchased Thai goods think that the quality of Thai goods is the biggest advantage. The biggest disadvantage is the price of goods. 100% of those who have purchased Thai goods think that the price of goods is high. They are all satisfied with the Thai service and the shopping environment in Thai pavilion. 100% of those who have purchased Thai goods in the Thai Pavilion are satisfied with the environment and services. The specific analysis are as following:

1) Personal situation who fill in the questionnaire: Gender

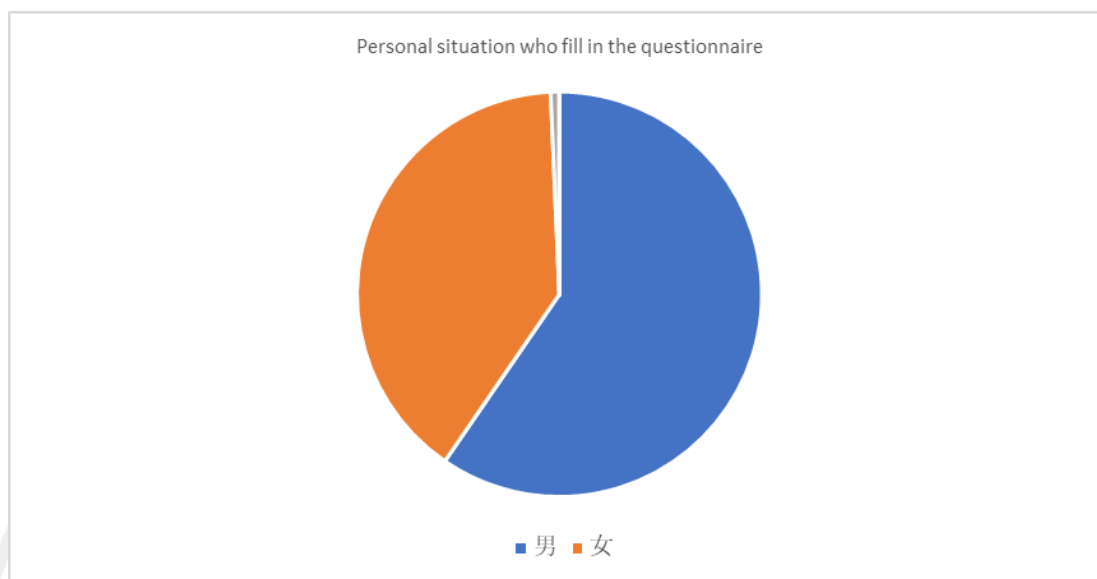


Figure 4.1 Gender

2) Age:

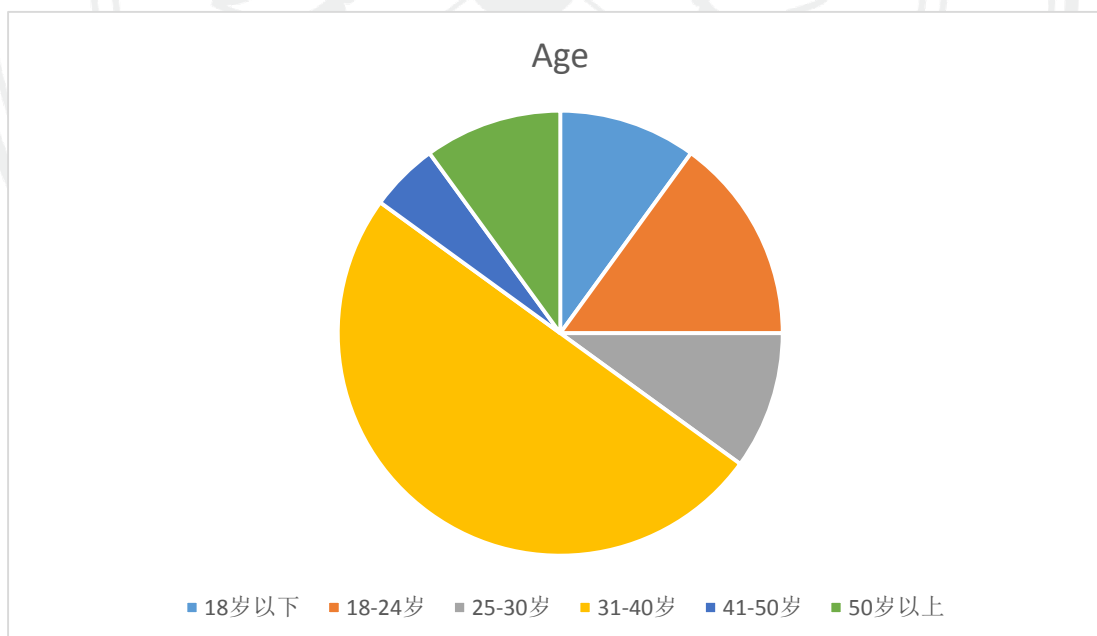


Figure 4.2 Age

3) Social occupation

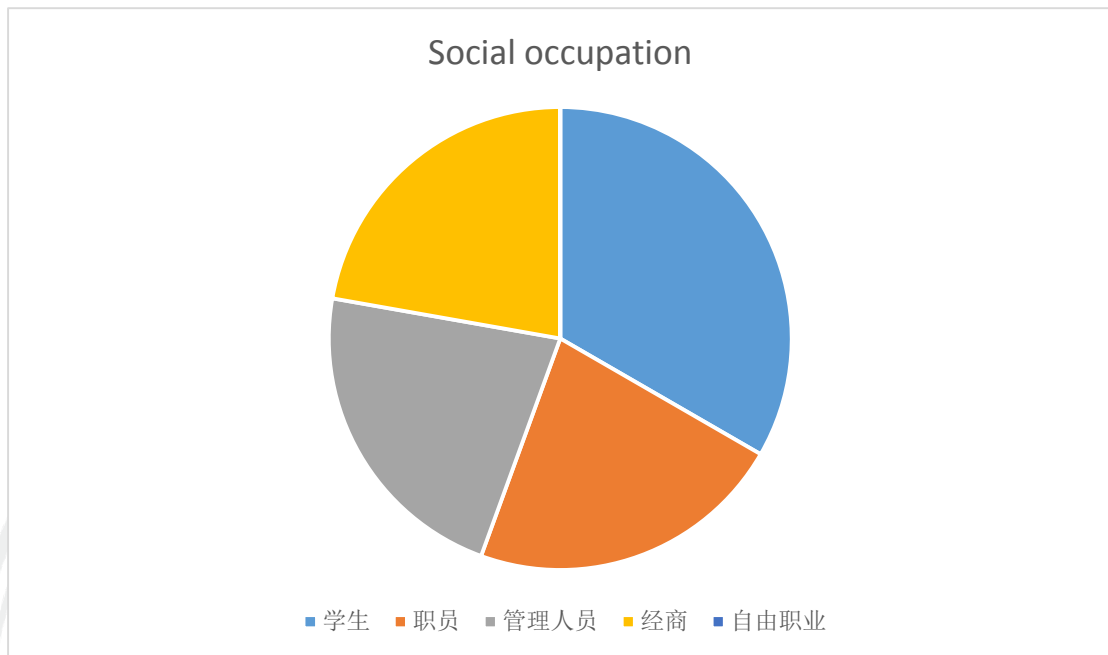


Figure 4.3 Social Occupation

Cognition of Thailand Pavilion

1) Do you know that there is a Thai Pavilion invested by Thai businessmen in the fifth district of the International Trade City?

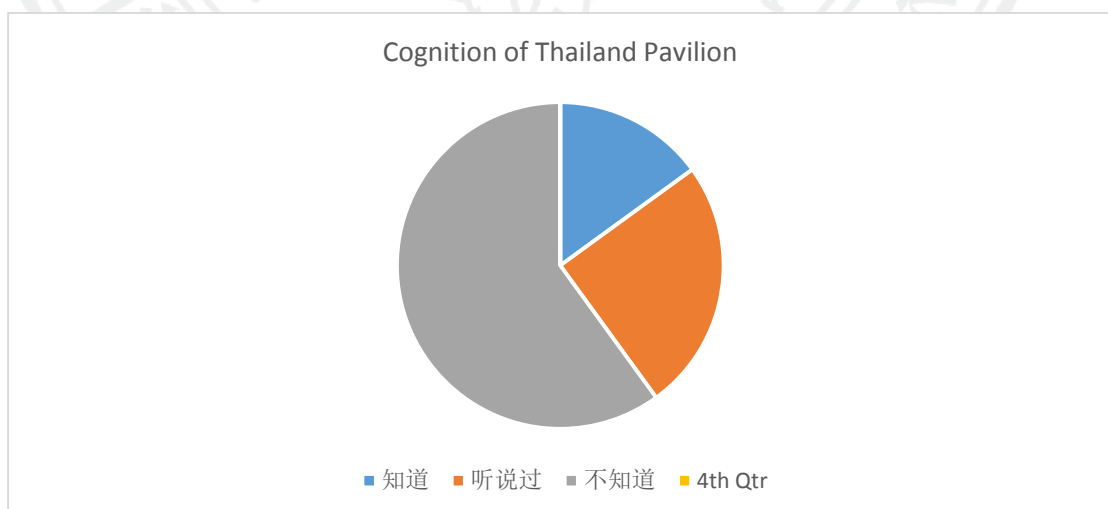


Figure 4.4 Cognition of Thailand Pavilion

2) How do you know about Thai pavilion?

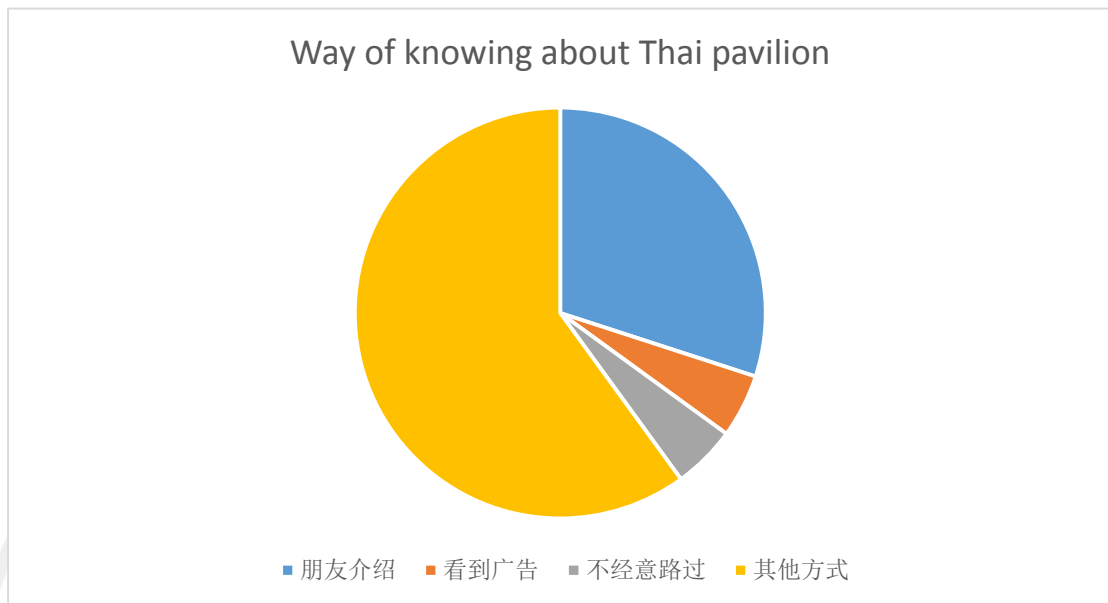


Figure 4.5 Way of Knowing About Thai Pavilion

3) Have you ever buy product in the Thai pavilion?

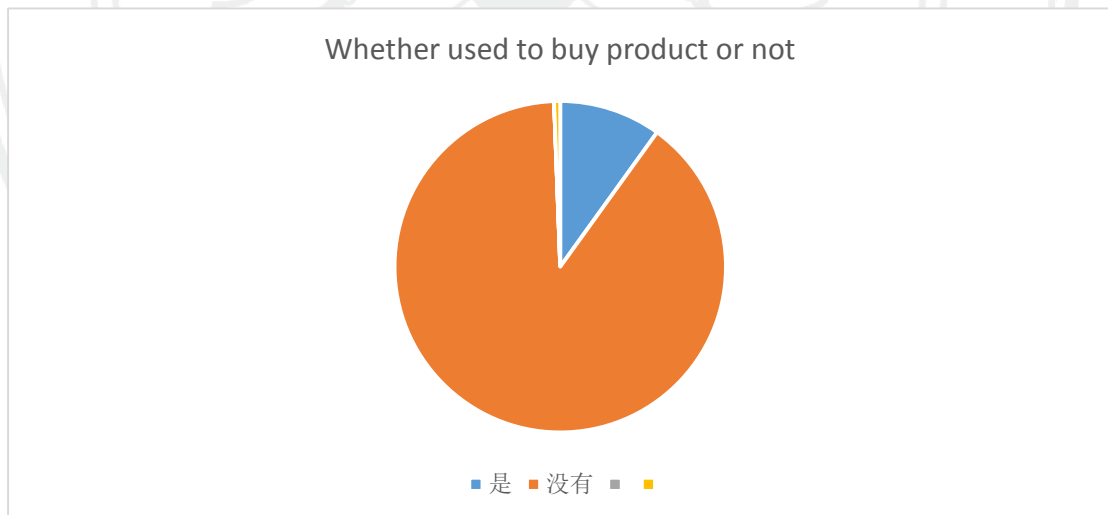


Figure 4.6 Whether Used to Buy Product or Not

4) How many times do you buy Thai products in the pavilion a year?

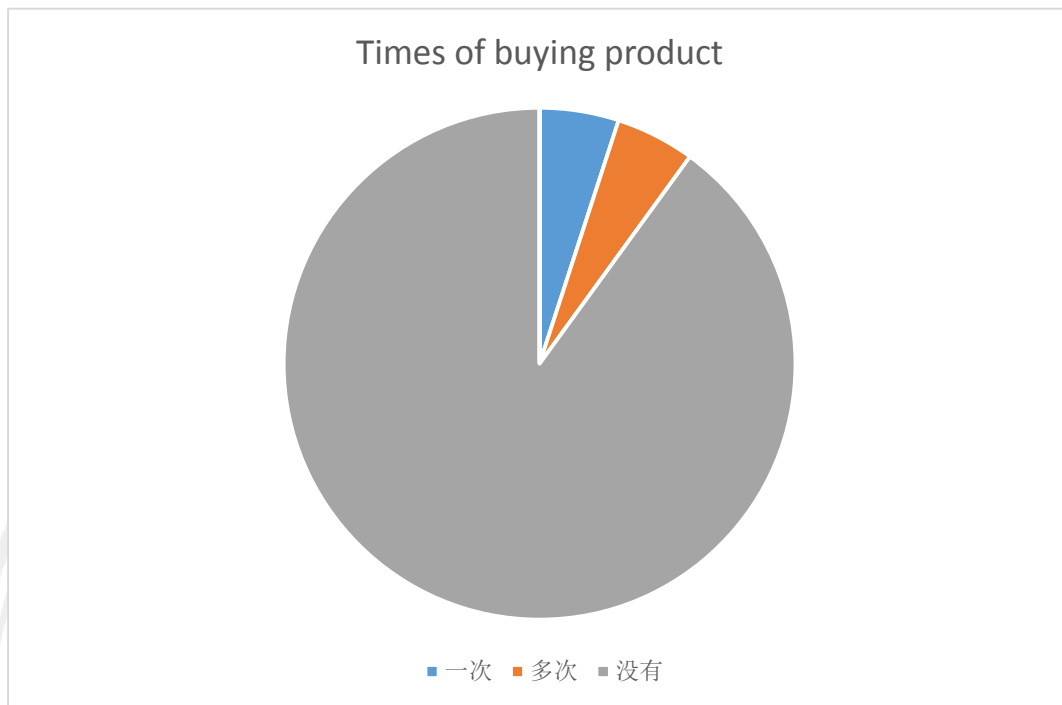


Figure 4.7 Times of Buying Product

5) How do you think about the price of product in the Thai pavilion?

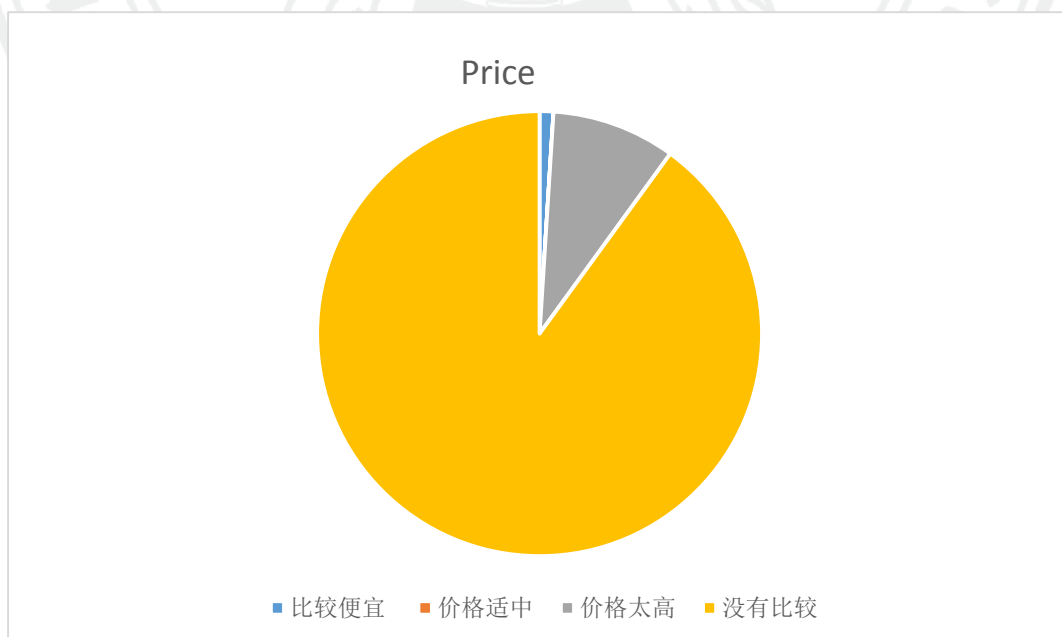


Figure 4.8 Price

6) What do you think of the service attitude of the salesperson in Thailand Pavilion?

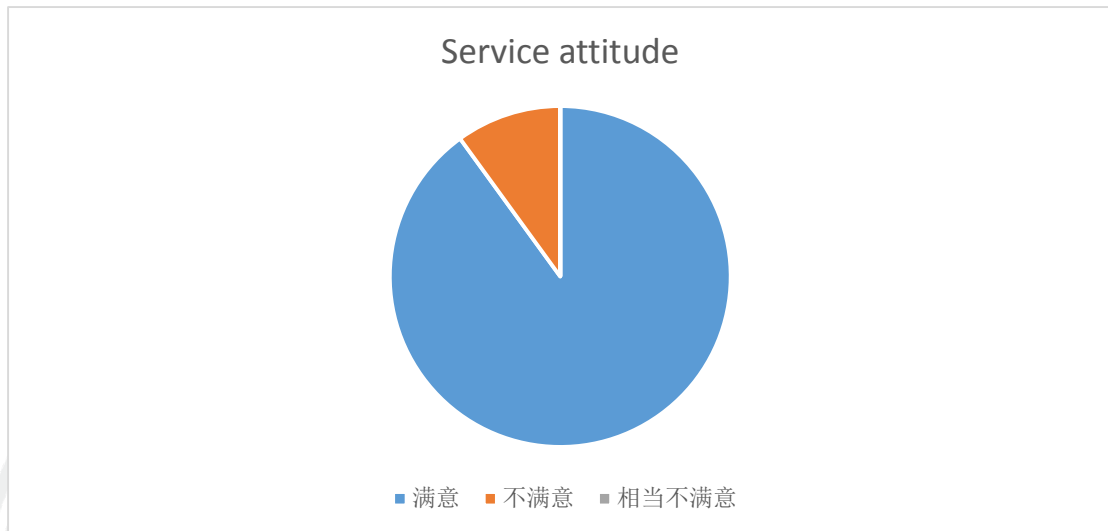


Figure 4.9 Service Attitude

7) Are the products in Thai pavilion rich and varied?

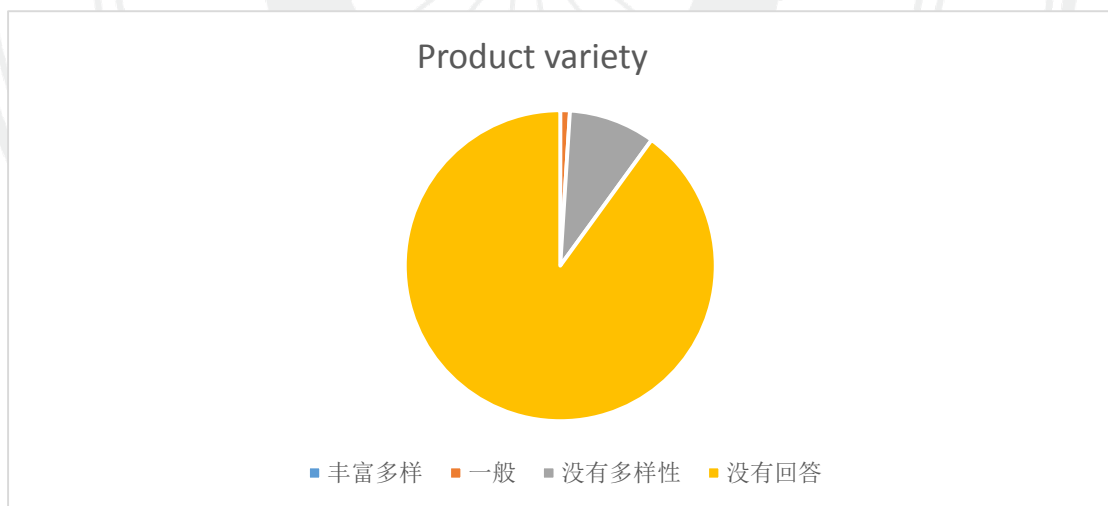


Figure 4.10 Product Variety

8) Are you satisfied with the product quality in the Thai pavilion?



Figure 4.11 Quality Satisfaction

9) Do you think the quality of Thai Pavilion is competitive?



Figure 4.12 Quality Competitive

10) Do you think the price of Thai Pavilion is competitive?



Figure 4.13 Price Competitive

11) Are you satisfied with the shopping environment of the Thai Pavilion?



Figure 4.14 Satisfaction of Shopping Environment

12) Will you buy the Thai Pavilion again when there is an opportunity?



Figure 4.15 Shaopping in Thai Pavilion Again

13) Will you introduce the Thai pavilion to your friend if there is a chance?



Figure 4.16 Recommend to a Friend

14) What do you think is the largest advantage of Thai pavilion?

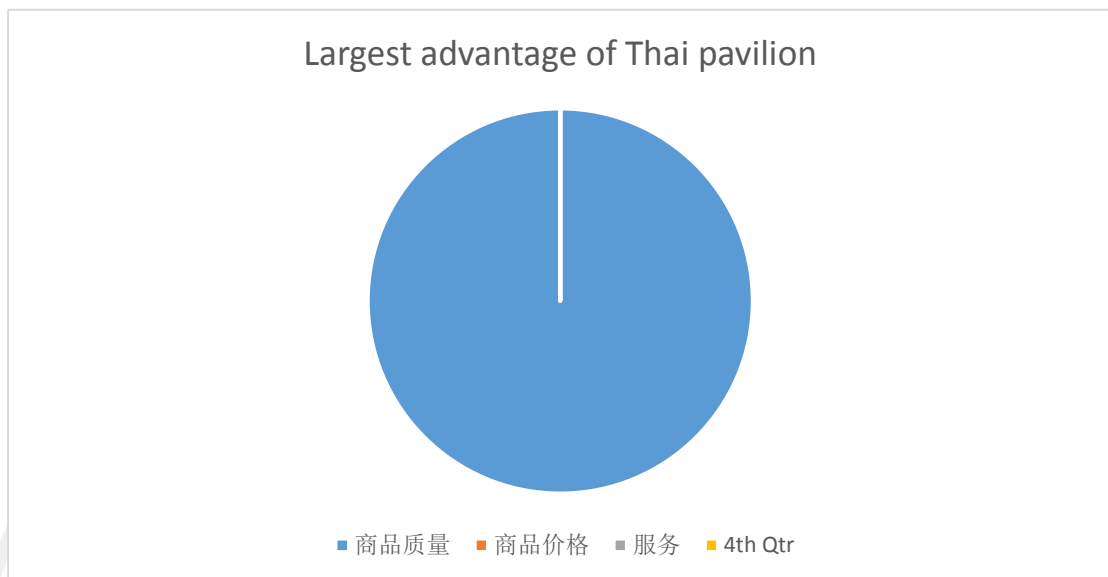


Figure 4.17 Largest Advantage of Thai Pavilion

15) What do you think is the largest disadvantage of Thai pavilion?

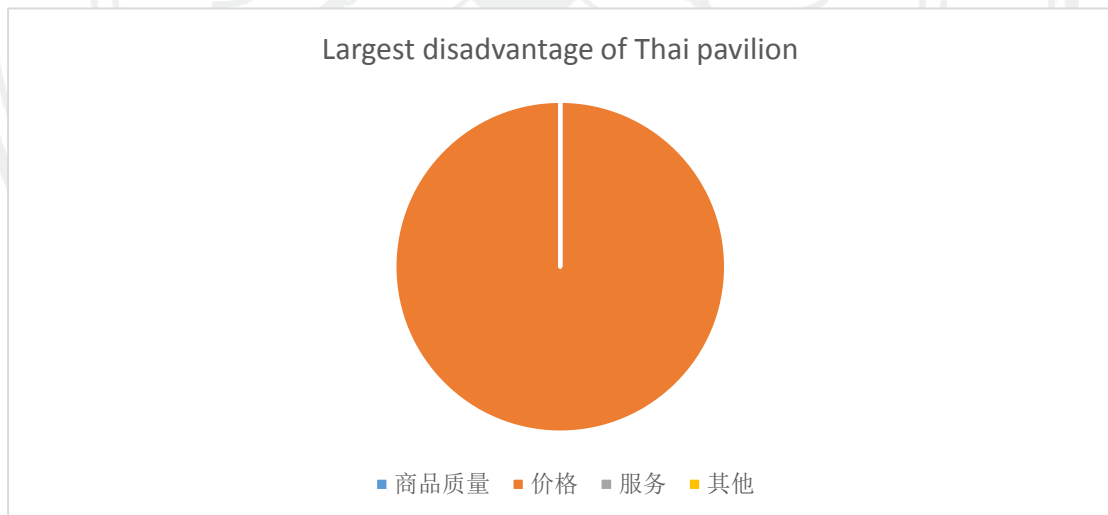


Figure 4.18 Largest Disadvantage of Thai Pavilion

16) Do you have / or intend to buy Thai goods from other stores or channels?



Figure 4.19 Buy Thai Product from Other Stores

17) What's your suggestion to the development of Thai pavilion?

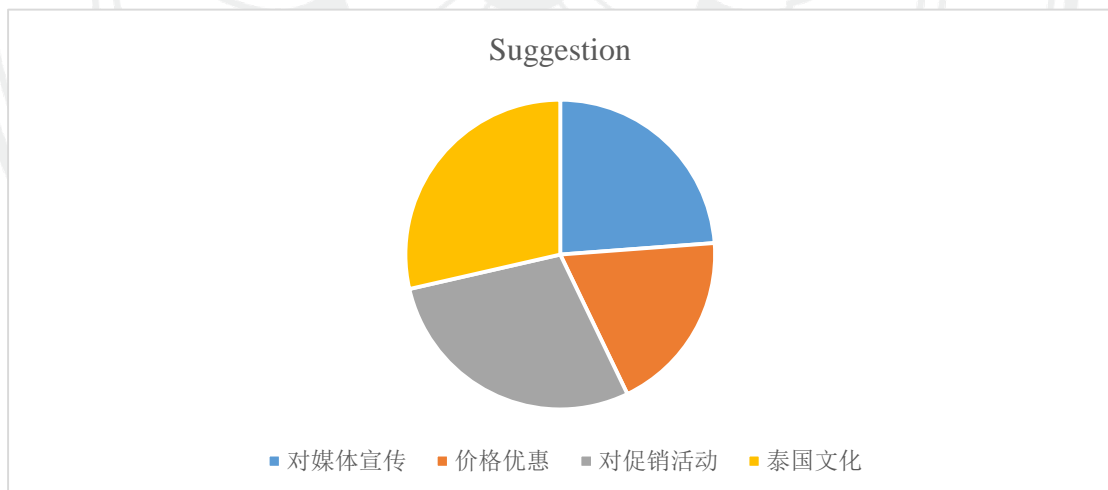


Figure 4.20 Suggestion

In addition to collecting information through questionnaires, we made in-depth interviews with people who are familiar with China-Thailand trade, Yiwu Trade City, and Thai Pavilion through qualitative research. Including: 2 staff members of the Thai Pavilion, employees in 2 neighbor of the Yiwu Trade City Thai Pavilion (totally 4 persons), and 3 long-term customers of the Thai Pavilion, 3 non-Thailand Pavilion customers, 3 government officers A total of 15 people.

In addition, the above 15 people were invited to conduct group discussions and formulate strategies.

According to in-depth interviews, the in-depth interview data will be sorted and classified. The specific research results can be summarized as follows:

All of the 15 people who were interviewed knew about the Thai Pavilion and knew about the Thai products. The quality of Thai products, both it is production, packaging design and labeling, was accepted by the Chinese and they had a good impression of Thai products.

"I often travel to Thailand. Every time I went to Thailand, I would buy a lot of Thai products, especially the one town one product, I would buy a lot, such as pearl fish wallet, wood carving, crocodile belt, tinware, dried durian, dried mango, etc., as well as Bangkok bags, etc. for my own usage, or give them to relatives, friends, colleagues, they also like them. Everyone praises the quality and the design which is novel. I personally feel that the quality is good, more importantly, the price is not expensive, and the price is cheaper than domestic comparative ones." One of the regular visitors said.

"I often come to Yiwu small commodity market to buy wholesale goods. Every time I came here, I always buy some Thai goods I like. In fact, I bought a lot of things. Except for my own usage, I gave some of them to my friends and colleagues. They all like it very much. I never worried about food safety in Thailand, especially dried durian, dried mango, etc., China does not produce these things, these items have

a longer shelf life. Some other things are often bought, including woodcarving elephants, Bangkok bags, etc. Although sometimes the price is more expensive than that in Thailand, it can be understood, after all, there are logistics, customs, transportation and other expenses, but still feel that there is something worth it. ” One of the regular visitors said.

All of the 15 interviewees are familiar with the midstream links, such as import and export procedures, Zhongtai logistics, customs, quality inspection, intergovernmental trade agreements etc.

"I'm an assistant, our store is not very large, so our staff is not many, there are four people in total. Therefore, we all have to be responsible for sales and procurement and so on. We all know very well that China and Thailand are geographically close. It is very convenient to go from China to Thailand, relations between China and Thailand are also very good. There is a free trade agreement between China and ASEAN. Therefore, it is very convenient to order, ship, and transport from Thailand, and the logistics costs are still a bit high. Because these goods are basically transported by highway, because these are not bulk commodities, we do not order large quantities, so we do not use sea transportation. Of course, air transportation is faster, but transportation costs are very high, so we use road transportation, it is very convenient, in general, goods can be delivered at our store within 7 days." One of the staff members made the above statement when he received an in-depth interview.

"Yiwu Commodity City has mainly Chinese domestically produced goods. Therefore, most of the buyers, whether domestic or foreign, mainly purchase Chinese goods, everyone knows that the price of Yiwu Commodity City is very cheap, although there are also international goods, but the scale is not too big, and mainly for retail sales, not wholesale. Therefore, the general price is higher than the wholesale price, that's one of the reasons why our scale is not large, and we mainly focus on

attracting some fixed customers with high quality products.” One of the staff members made the above statement when he received an in-depth interview.

“Everyone knows the Yiwu small commodity wholesale market, which enjoys a reputation abroad. Therefore, no need to advertise. If there is a Thai pavilion in Yiwu International Commodity City, you may not necessarily know that. I have not seen any advertisements either on TV or in newspapers or in Yiwu International Commodity City advertisement. I myself accidentally encountered it by accident.” A regular guest said.

“The reputation of Yiwu Small Commodity City is known all over the world. Therefore, Yiwu small commodities need no advertising. Everyone was attracted by its reputation, but for our Thai pavilion, it is different. We also want to do advertising, but the advertising fee is too expensive. For a small store like us, it is very burdensome, so we have not been very good at advertising. A statement from a staff member.

"We also think that the quality of Thai goods is good, and the guests all like it very much. Although our storefront is not big, our goods are well placed. The goods we selling are goods that the Chinese preferred. Although our price is higher than the wholesale price of small commodities around us, the ordinary guest does not feel that the price is high if he is interested in the goods, or will not give up because of the high price. Because we made procurement from Thailand and there are transportation charges, value-added tax, and so on. After added with profits, the price is generally relatively high. Our customers are mainly in the upper middle class who have considerable purchasing power. Our positioning is the same, not wholesale, but retail prices. As long as they enter our shop and are interested in Thai goods, they will buy and try them, and will become our regular guest. The biggest problem is that not many people come to our shop, many buyers came here to buy Chinese small goods, this is our relatively big problem. “A statement from a staff member.

“With the development of Belt and Road construction, China is paying more and more attention to economic and trade exchanges with neighboring countries. Thailand is a friendly neighbor of China, and China and Thailand have enjoyed friendly relations since ancient times, and Thailand is also a country along the Belt and Road route. China attaches great importance to the development of economic and trade relations between China and Thailand. Trade, investment, social and cultural exchanges between China and Thailand are increasingly frequent. Especially in recent years, Thai products, especially tropical fruits, such as durian, mangos teen, rambutan, jackfruit, grapefruit, coconut, etc., have been liked by the Chinese people. The popularity of Thai goods in China is getting higher and higher, so these are very beneficial for the Thai Pavilion to sell Thai goods. It can be said that it is a golden opportunity. Of course, we will also seize this opportunity. At the same time, there are challenges. Everyone knows that in the Internet era, young people like to shop online. Therefore, cross-border e-commerce has a great impact on our physical stores. Therefore, we must also combine offline and online sales.” A statement from a staff member.

“As the local government of Yiwu, we also very much welcome Thai goods entering our Yiwu region, Hangzhou area and even Zhejiang region. Everyone knows that Zhejiang Province has good economic conditions, the people's living standards are relatively high, and their purchasing power is very strong, so, as long as there are good goods, no need to be afraid of the market. This is a good opportunity for Thai goods. Of course, our local government will also strongly support the development of Thai goods in our Zhejiang area. With the economic growth, the Zhejiang people's travelling to Thailand and understanding the Thai products, I believe that more and more people will like Thai products.” Interview with Yiwu government officials.

4.3 Development of the Market Strategy of the Thai Pavilion

Through reference to literature and in-depth interviews, we analyze the external environment of the Thai Pavilion through PEST.

4.3.1 PEST Analysis

4.3.1.1 Analysis of political environment

The political environment factor is an important factor in international trade and people's choosing imported goods. The political environment has a profound impact on enterprises and is an important basic condition for enterprises to survive. The development of import enterprises and import platforms depends on whether they receive the policies and legal support of the state and local governments. China's reform and opening up policy has provided a way for Chinese goods to enter international market, and also allowed foreign consumer products to enter China market. Since 2013, China has proposed the "One Belt, One Road" initiative, which has enabled more countries along the Belt and Road route to have closer political and economic relationship with China. While promoting enterprises to "go out", China has also continuously promoted the development of the import industry.

China mainly promotes the import of consumer goods through four aspects:

- 1) Reduce tariffs. After China joined the WTO and the ASEAN Community, China began to reduce tariffs in 2010. In 2015, the Customs Administration's tax rate statistics on China's tariff average rate was 9.8%. At the same time, in order to encourage foreign trade and promote imports, the General Administration of Customs also reduces tax rates from time to time, including food and medicine. On May 30, 2018, the executive meeting of the State Council of China decided to reduce the import tariffs on consumer goods on a large scale. Further

reducing the import tariffs on consumer goods is conducive to expanding opening up and meeting the needs of the people, forcing product upgrading and industrial upgrading. The meeting decided that from July 1, 2018, the average import tariff rate for clothing, shoes, hats, kitchens and sports and fitness products will be reduced from 15.9% to 7.1%; the average import tariff rate for household appliances such as washing machines and refrigerators will be reduced from 20.5% to 8%; the average tariff rate for imported processed foods such as aquaculture, fishing, aquatic products and mineral water is reduced from 15.2% to 6.9%; the average tariff rate for import cleaning products, cosmetics of skin care, hairdressing, and some medical and health products will be reduced from 8.4% to 2.9%. Relevant departments should implement tax reduction measures to prevent the increase in the price of intermediate links, so that the majority of consumers can benefit and promote the competitiveness of domestic industries.

2) Reduce consumption tax. China adopts a selective expropriation of consumption tax, mainly for luxury goods and specific consumer behaviors, and has not begun to collect tax on daily consumer goods. In 2014, the Political Bureau of the CPC Central Committee of China reviewed and approved the “General Plan for Deepening the Reform of the Fiscal and Tax System”, which will promote the reform of the Chinese tax system and further reduce the tax rate on the popularized daily necessities. China’s import tax is still relatively high compared with neighboring countries. Chinese cosmetics are subject to a 6.5%-15% tariff, a 30% import consumption tax and a 17% import value-added tax. The import consumption tax levied by neighboring countries is generally less than 7%. China's reduction of the consumption tax on imported goods will help to increase the import of related products and reduce the cost of Chinese tourists purchasing consumer goods abroad.

3) Promote the development of China's cross-border trade industry. The General Administration of Customs has introduced corresponding incentive policies for China's cross-border trade industry, including customs and commodity inspections speed up the approval of good credit enterprises and give AEO mutual recognition national customs clearance preference. At the same time, the General Administration of Customs will strengthen the system construction, promote electronic customs clearance, pre-declaration and fast customs clearance, etc., and will build a regional customs clearance center in the future to establish a unified declaration platform, risk prevention and control platform, professional review platform and on-site order platform etc, provide convenient conditions for the import of goods. The introduction of the trade preferential tax policy and the convenience conditions will be beneficial to the development of import trade enterprises and enhance their competitive advantage.

4) Free trade trial zone. The government has vigorously promoted the free trade trial zone. After the completion of the Shanghai Free Trade Zone, China has successively approved the establishment of free trade zones in Guangdong, Fujian and Tianjin etc. The construction of a free trade zone will lift restrictions on the proportion of foreign equity and the type of imported goods. The more flexible customs clearance policy support will also give enterprises more choices.

In 2011, the State Council officially approved the “Overall Plan for the Comprehensive Reform of International Trade in Yiwu City, Zhejiang Province”, and divided Yiwu City into the 10th comprehensive reform trial zone in China. Yiwu City is a distribution center for China's small commodity exports. The Yiwu Municipal Government strongly supports import platforms and import enterprises.

In order to promote import trade, Yiwu municipal government proposes a new import trade promotion policy:

(1) It will improve import customs clearance convenience, study new regulatory models, and actively explore ways to simplify the regulatory process. In accordance with the principle of “controllable amount, traceable source, and manageable channels”, the operating entity is encouraged to directly or entrust the purchase of consumer goods from overseas. After entering the country through the overseas warehouse mixed stuffing, the goods are displayed and sold in the imported commodity market, and specific personnels are exempted from tax.

(2) Accelerate the establishment of a cross-border e-commerce 1239 surveillance system. Comply with the principle of distributed construction, accelerate the construction of information systems, do a good job of communication and coordination of the construction of the supervision center, and activate the supervision center as soon as possible. Combine the progress of the construction of cross-border e-commerce public supervision center, do a good job in the overall planning and planning of cross-border e-commerce direct mail import, and provide basic guarantee for import trade.

(3) Improve the level of import customs clearance. Support the construction of food laboratories to enhance local testing capabilities. Optimize inspection and quarantine services, promote the traceability of goods, and realize the immediate release of goods with QR codes. Optimize customs clearance services and reduce customs clearance time for imported goods.

4.3.1.2 Analysis of economic environment

The economic environment includes the macroeconomic environment and the microeconomic environment. The macro economy, including gross domestic product, economic growth rate, and the distribution of the three industries, reflects the status of the national economy, the gross domestic product and its changes, it is the

most important indicators of the country's national economic development level and development speed. The microeconomic environment mainly refers to the consumption power and consumption preferences of consumers in different regions of the enterprise market, as well as local investment policy, financial situation, composition and other regional policy factors, which determine the prospects and development strategies of a certain geographical market.

Table 4.8 China's Import and Export Trade During 2012-2016

Year	Total import and export	Total export	Total imports
2012	244160.20	129359.30	114801.00
2013	258168.90	137131.40	121037.50
2014	264241.77	143883.75	120358.03
2015	245502.93	141166.83	104336.10
2016	243386.46	138419.29	104967.17

Source: National Bureau of Statistics of China <http://data.stats.gov.cn>, 2016

Note: Unit: (100 million yuan)

China's imports and exports have remained relatively stable since 2012, and total exports are higher than total imports. China's export platforms, enterprises and markets have been relatively stable, but the stability of imported supporting platforms, enterprises and markets is relatively poor. Yiwu has a large number of imported goods, but the source of imported goods is scattered, and most of them are not direct sources of supply. The scale of imports is relatively small, and the total import volume is greatly affected by the import volume of a single large enterprise. The import of raw materials of enterprises accounts for the majority of the total imports.

Table 4.9 China's GDP and the Added Value of Various Industries in 2012-2016

Year	GDP	Primary industry added value	Secondary industry added value	Tertiary industry added value
2012	540367.4	50902.3	244643.3	244821.9
2013	595244.4	55329.1	261956.1	277959.3
2014	643974.0	58343.5	277571.8	308058.6
2015	689052.1	60862.1	282040.3	346149.7
2016	743585.5	63672.8	296547.7	383365.0

Source: National Bureau of Statistics of China <http://data.stats.gov.cn>, 2016

Note: Unit: (100 million yuan)

In 2010, China has surpassed Japan to become the world's second largest economy. It can be seen that as of 2016, China's GDP has maintained growth, which shows that China's economic aggregates have maintained growth and the scale of growth is huge. It can be seen that the added value of China's tertiary industry is rising, and at the same time, China's per capita GDP is rising. In 2016, China's per capita GDP reached 53,935 yuan. With the increase in people's income and consuming ability, the consumer's demand for the quality of daily consumer goods has increased. At the same time, higher incomes also reduce the relative prices of foreign products, making it easier for people to accept imported foreign goods. Under such a background, the whole import industry will become inevitable in the future, and the development of import enterprises will show an optimistic trend. Changes in consumer demand have made the import industry accelerate development, increase import speeds and lower the prices, and meet people's demand for imported goods. Therefore, the increase in the total amount of imported goods in the future will become inevitable, requiring import enterprises to provide efficient, professional and safe import services.



4.3.1.3 Analysis of social environment

The social environment refers to the human social environment, refers to the sum of social material and spiritual conditions within the scope of human survival and activity, and is mainly formed by specific values, behavioral rules and social consensus etc. The social environment has a crucial impact on the survival and development of enterprises, and also has a direct impact on individual consumption habits, needs and purchase behavior. The social environment is therefore one of the important external influence environments for enterprises.

Table 4.10 China's Resident Consumption Level During 2012-2016

Year	Resident consumption level	Rural residents' consumption level	Urban residents' consumption level
2012	14699	6964	21861
2013	16190	7773	23609
2014	17778	8711	25424
2015	19397	9679	27210
2016	21285	10783	29295

Source: National Bureau of Statistics of China <http://data.stats.gov.cn>, 2016

Note: Unit: (yuan)

From 2012 to 2016, the disposable income of Chinese residents has increased significantly, so the level of resident's consumption has also increased significantly. In 2016, the consumption level of residents has reached 21,285 yuan, especially the consumption level of urban residents has reached 29,295 yuan. With the emergence of a large number of emerging middle classes, the concept of Chinese national consumption is gradually changing, more international and diversified.

Since 2012, China's number of outbound tourists to Thailand has reached millions. In 2017, the number of Chinese tourists to Thailand reached 9.8 million, an increase of 11.97% over the same period of 2016, bringing an income of more than 520 billion baht (about 104.7 billion yuan) to Thailand, an increase of 15.78%. While Chinese tourists have traveled extensively to Thailand, it has also greatly increased the acceptance of Thai products by Chinese consumers. After Chinese tourists return to China, the second purchase of Thai products is also mainly dependent on the import of Thai products by importing companies. Therefore, in recent years, Thailand's consumer goods began to replace the original resource-based bulk commodities, and began to become the fastest growing category of Chinese imported goods from Thai. The Thai pavilion, which specializes in Thai products, has also become the best solution to solve the problem of Chinese buyers purchasing Thai products.

4.3.1.4 Technical environment analysis

It can be seen that since the 21st century, globalization has had a great impact on international trade, and the development of information technology has also diversified international trade. With the development of e-commerce and mobile payment, China's online retail industry has developed rapidly. When consumers' demand for foreign products increased, the e-commerce industry quickly followed and pushed China into a period of rapid development of cross-border e-commerce.

The development of China's online retail industry, on the one hand, is based on the regularized online sales platform, while on the other hand, it is based on the sales of personal friends circle. In order to promote the development of cross-border e-commerce, China has further opened up and standardized personal postal services, so that consumers who purchasing foreign goods not only rely on traditional circulation channels, but also make traditional import enterprises business encounter challenge.

China Yiwu International Trade City Thailand Pavilion also has its own company and product introduction page. China Yiwu International Trade City Thailand Pavilion has a website for suppliers to introduce the company information, product display, supply information and contact information of the Thailand Pavilion at the online page <http://biz.chinafairs.org>.

4.3.1.5 Summary

Through PEST analysis, it can be found that the external environment of the Thailand Pavilion of Yiwu International Trade City in China has both the opportunities generated by the big environment and the threats brought by technological development.

The opportunity of the Thailand Pavilion of Yiwu International Trade City in China is concentrated on the increase in China's total economic output, the rapid development of the tertiary industry, and the rapid increase in disposable income and consumption levels. Consumers have increased demand for product diversity and quality, and increased demand for foreign products. The number of consumers traveling to Thailand is huge, driving the secondary consumer market.

The opportunity of the Thailand Pavilion of Yiwu International Trade City in China is focused on the rapid development of cross-border e-commerce, the opening and standardization of personal postal services, and the explosive growth of the micro-business. At the same time, the lack of means of using the network to expand wholesale and retail channels has made the Thai Pavilion a challenge in the sale of imported products.

4.3.2 SWOT Analysis

In addition to in-depth interviews, we also invited interviewees to conduct group discussions to analyze Thailand's strengths, weaknesses, opportunities and challenges to develop a Thai pavilion strategy.

S Strengths: novel product design, good quality of raw materials, good image of Thai goods, and good food safety. Whether it is the data collected from the questionnaires of quantitative research or the data obtained through in-depth interviews in qualitative research, it is generally reflected that the quality of Thai products is relatively good and is deeply loved by Chinese people.

Price: Moderate, not very expensive or very cheap. Although the price of Thai goods in Thailand is relatively cheap, but after been added with expenses of transportation logistics, taxation, customs clearance, etc., the price of Thai goods is more expensive than it is in Thailand, but compared with Chinese products of the same quality, it is cheaper.

W Weakness: physical store rents, staff wages are relatively high. The expense of site rent plus various miscellaneous fees is still relatively high. Due to the products displayed in the store are also limited, the style of products are not very complete.

Some goods have a long inventory time, especially food, people will feel the food is stale when they buy it, which is obviously a disadvantage compared to modern cross-border e-commerce.

Advertising costs are high and there is a lack of publicity. Online platform's advertising costs are low, but the people involved, especially the target audience is more extensive. If physical stores are advertised in today's world, the cost is high. Therefore, the Thai pavilion is mainly relied on public praise.

O Opportunity: The promotion of the Belt and Road construction. Thailand is a country along the Belt and Road. China attaches great importance to economic and trade cooperation with Thailand. The Chinese and Thai governments attach great importance to Sino-Thai cooperation. In this context, expenses including tariffs, etc. are very low.

With the integration of the region and the construction of interconnection, the current logistics is very convenient, and the cost is greatly reduced.

As the improving of Chinese people living standard, the Chinese people prefer to buy high-quality goods, things like the first import goods fair which was held in Shanghai in November 2018, show the opportunity for foreign high-quality goods to enter China.

T Challenge: With the construction of more and more e-commerce platforms, cross-border e-commerce is also increasing, and the impact on physical stores is great.

Counterfeit goods, simulation goods. Because the raw materials of Thai goods are better in texture and are very popular among Chinese people, in this case, many businessmen fake Thai goods. For example, latex pillows, bird's nest, etc. are particularly noticeable.

4.3.3 Thailand Pavilion Strategic Choice

Based on the information obtained from in-depth interviews and group discussions, SWOT analysis was used as a tool to develop the strategy of the Thai Pavilion.

SWOT Analysis refers to the determination of the company's competitiveness and development direction by identifying its internal strengths and weaknesses, as well as external opportunities and threats, so as to find the best development strategy for the company.

Table 4.11 SWOT Analysis Framework

SOWT analysis			
External environment	Internal environment		
		S (strength)	W (weakness)
	O (opportunity)	SO (strength-opportunity combination), With the internal advantages of the company, make rational use of external opportunities.	WO (weakness-opportunity combination) Make rational use of external opportunities, to make up for the internal disadvantages of the company.
	T (threat)	ST (strength - threat combination). With the internal advantages of the company, avoid external environmental threats.	WT (weakness-threat combination) Make up for the internal disadvantages of the company, avoid external environmental threats.

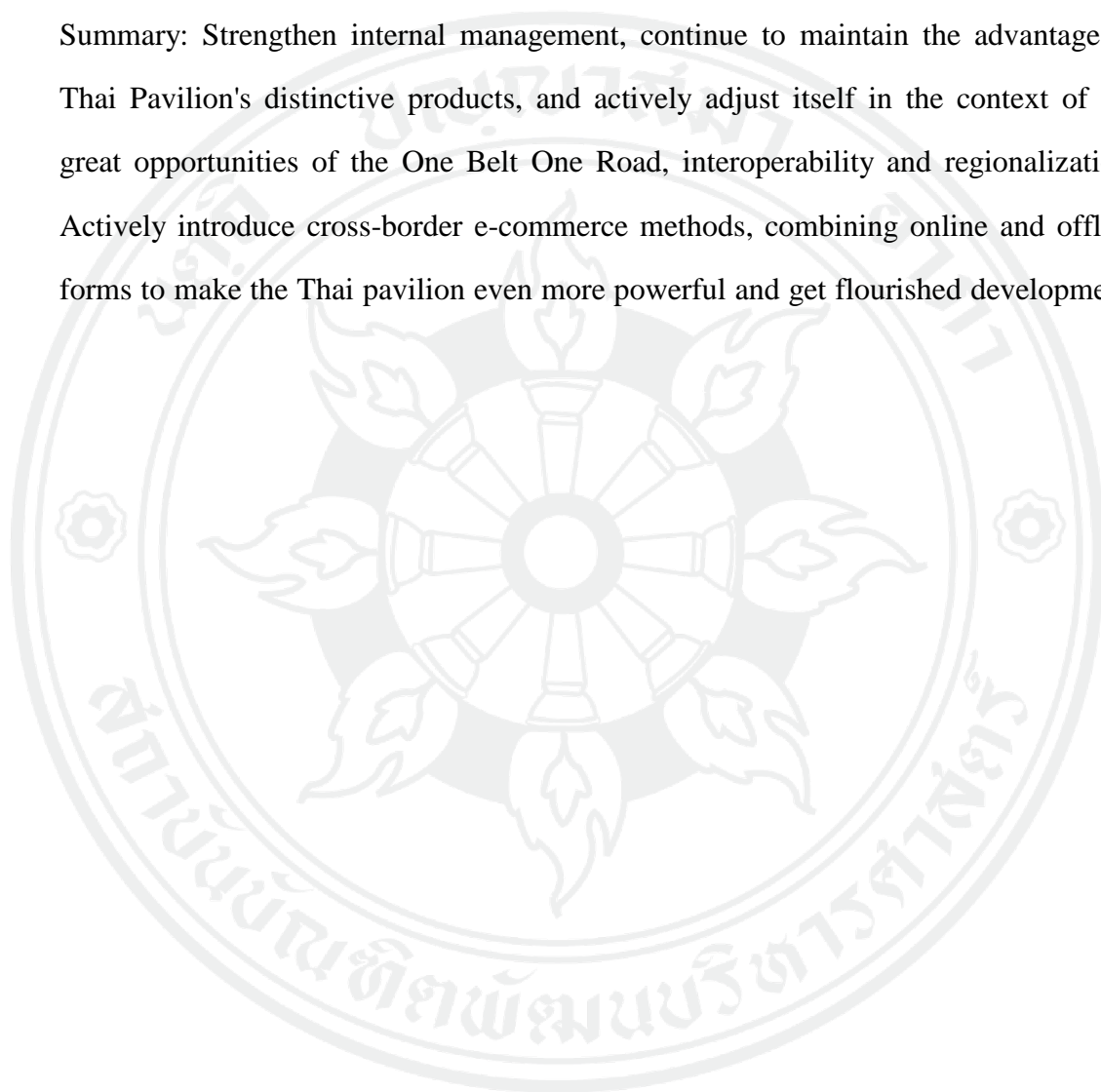
Source: revised by researcher, 2018.

SO (strength-opportunity combination) takes the initiative to develop. Combine the advantages of internal management, the quality advantage of Thai goods, the opportunity of the Belt and Road, the support of the Chinese and Thai governments, the advantages of the China-ASEAN Free Trade Area, and the advantages of China's economic growth and people's purchasing power. Therefore, Thai goods will definitely have opportunities for development in the Thai Pavilion. Therefore, if we see such opportunities, we should take the opportunity to take the initiative.

WO (weakness-opportunity combination) makes rational use of external opportunities to make up for the internal disadvantages of the company. As mentioned above, the Thai Pavilion, especially the goods in the Thai Pavilion, have many advantages, but the main disadvantage is that the physical store has high rents, high advertising costs and few advertisements. There are fewer products to display, so it is necessary to make up for the shortcomings of the Thai Pavilion, especially the variety of products and the intensity of advertising.

ST (strength - threat combination). Avoid external environmental threats by taking advantage of the company's internal strengths. Give full play to the advantages of Thai goods and avoid external environmental threats. In this era of Internet, it is impossible to escape the threat of cross-border e-commerce. Therefore, the best way is to sale online and offline. Do what others cannot do, others only sale online. We have both the online and offline stores, buyers can have service experience of products at a physical store, such as trying on, trying the usage, return, so as to estanbish the brand and reputation. You can also browse various products online. If someone buys it, it can be shipped directly from Thailand. If the domestic Thai pavilion has goods, we can ship it directly from the domestic to save expenses and time. And you can expand the business all over China.

WT (weakness-threat combination) compensates for enterprise internal weaknesses and avoids external environmental threats. Enhance internal management, especially propaganda, and use e-commerce to combine online and offline. Overcome our own disadvantages, adjust ourselves and adapt to the external environment. Summary: Strengthen internal management, continue to maintain the advantage of Thai Pavilion's distinctive products, and actively adjust itself in the context of the great opportunities of the One Belt One Road, interoperability and regionalization. Actively introduce cross-border e-commerce methods, combining online and offline forms to make the Thai pavilion even more powerful and get flourished development.



CHAPTER 5

SUMMARY, DISCUSSION AND RECOMMENDATIONS

5.1 Summary

China Yiwu International Trade City Thailand Pavilion development strategy research has two main purposes: 1) in order to understand the Chinese people's perception and recognition of Thai goods, 2) in order to develop the Thai Pavilion's market strategy to promote the development of the Thailand Pavilion.

In the field of management research, quantitative research and qualitative research are two very important research methods. The two methods have their own advantages and scope of application. This study adopts a combination of quantitative research and qualitative research. Quantitative research mainly used questionnaires to conduct random questions and answers to 200 guests in Yiwu International Trade City, China. During the period from Monday to Sunday, questionnaires were distributed in the Trade City and recollected in time. The collected questionnaires were resorted and analyzed using EXCEL and SPSS after manual statistics, mainly focusing on the average and percentage data. Qualitative research mainly includes literature research methods and in-depth interviews, group discussions. The research subjects of this study are customers of Yiwu Trade City, as well as officials in charge of business trade. This study has made in-depth interviews with people who are familiar with trades between China and Thailand, Yiwu Trade City, and the Thai Pavilion, including: 2 staff members of the Thai Pavilion, employees in 2 neighbor of the Yiwu Trade City Thai Pavilion (totally 4 persons), and 3 long-term customers of the Thai Pavilion, 3 non-Thailand Pavilion customers, 3 government officers, which is a total of 15 people. The researchers first designed an interview outline. In the

interview, the questions were mainly presented according to the outline, and some control was given to the topics discussed, which led the interviewees to fully express their views on related issues. After the interview, the researchers sorted out the interview data, classified it, and formed interview materials, and based on this, they conducted qualitative research, referred to the main theory and actual situation, and finally formed a research report.

5.1.1 Background Information

China and Thailand are close to each other and have a history of friendly exchanges for thousands of years. Since the formal establishment of diplomatic relations in 1975, the economic and trade cooperation between the two countries has shown a flourishing development. Bilateral trade, two-way investment has increased rapidly. With the completion of the China-ASEAN Free Trade Area and the development of the “One Town, One Product” project in Thailand, the China Yiwu International Trade City Thailand Pavilion came into being. It was established on June 28, 2011. It is a joint venture established by the Chairman of the General Chamber of Commerce of Jiangsu, Zhejiang and Shanghai and members of the Chamber of Commerce. It has become a wholly foreign-owned enterprise after the equity adjustment. The Thai Pavilion of China Yiwu International Trade City is located in the 5th District of the International Trade City Import Commodity Hall.

Since the establishment of the Thai Pavilion of Yiwu International Trade City in China, although the progress has been relatively smooth, Thai goods have been loved by some people, but it has always been a difficult problem to open up the situation, expand operations and increase trade volume.

The Thai Pavilion can be said to be a symbol of economic and trade cooperation between China and Thailand. It is a touchstone and has a great demonstration function for the acceptance of Thai goods in the Chinese market and the promoting of Sino-Thai trade.

5.1.2 Chinese People's Perception and Recognition of Thai Goods

Since the establishment of the Thai Pavilion of Yiwu International Trade City in China, although the progress has been relatively smooth, Thai goods have been loved by some people, but it has always been a difficult problem to open up the situation, expand operations and increase trade volume. The Thai Pavilion can be said to be a symbol of economic and trade cooperation between China and Thailand. It is a touchstone and has a great demonstration function for the acceptance of Thai goods in the Chinese market and the promoting of Sino-Thai trade. The products of the Thai Pavilion mainly include Thai crocodile leather products, including: crocodile belts, crocodile leather wallets, etc.; cubiloses with pure natural characteristics of Thailand; dried durian and dried longan which were made from tropical fruits with Thai characteristics etc.; Thai fragrant rice; Thai-style decorative crafts; Thai massage essential oils and herbal soaps; after years of business development, the company's management is increasingly formalized. They have team work, marketing strategy development team, sales team, pricing of goods, etc. But there still exists many shortcomings. Through quantitative and qualitative research, data collection and analysis, we found that the company needs further improvement. Based on the 200 questionnaires we received,

We can see that the majority of people 60% of them do not understand the Thai Pavilion. The biggest advantage of the Thai Pavilion is the quality of the goods. 100% of those who have purchased Thai goods think that the quality of Thai goods is the biggest advantage. The biggest disadvantage is the price of goods. 100% of those

who have purchased Thai goods think that the price of goods is high. They are all satisfied with the Thai service and the shopping environment in Thai pavilion. 100% of those who have purchased Thai goods in the Thai Pavilion are satisfied with the environment and services. Everyone in the 15 interviewees know about Thai products, and the quality of Thai products are accepted by Chinese people, both on its production, packaging design and labeling. The products are novel in design with good quality of raw materials, not mention its nice product image and food safety, which all leave a good impression about Thai products. Thai goods are moderately priced, not very expensive or very cheap. Although the price of Thai goods in Thailand is relatively cheap, but after been added with expenses of transportation logistics, taxation, customs clearance, etc., the price of Thai goods is more expensive than it is in Thailand, but compared with Chinese products of the same quality, it is cheaper.

5.1.3 Formulation of The Development Strategy of The Thai Pavilion

Combining the in-depth interviews with the reference to literatures, we analyze the external environment of the Thailand Pavilion through PEST, and use SWOT tools to analyze the strengths, weaknesses, opportunities and challenges of the Thailand Pavilion through in-depth interviews and group discussions. The development strategy of the Thailand Pavilion was finally developed.

The external environment of the Thailand Pavilion of Yiwu International Trade City in China has both the gatherings generated by the big environment and the threats brought by technological development.

The opportunity of the Thailand Pavilion of Yiwu International Trade City in China is concentrated on the increase in China's total economic output, the rapid development of the tertiary industry, and the rapid increase in disposable income and consumption levels. Consumers have increased demand for product diversity and

quality, and increased demand for foreign products. The number of consumers traveling to Thailand is huge, driving the secondary consumer market.

The opportunity of the Thailand Pavilion of Yiwu International Trade City in China is focused on the rapid development of cross-border e-commerce, the opening and standardization of personal postal services, and the explosive growth of the micro-business. At the same time, the lack of means to use the network to expand wholesale and retail channels has made the Thai Pavilion encounter with a challenge in the sale of imported products.

S strength: novel product design, good raw material quality, good Thai product image and food safety. Whether it is the data collected from the questionnaires of quantitative research or the data obtained through in-depth interviews in qualitative research, it is generally reflected that the quality of Thai products is relatively good and is deeply loved by Chinese people.

Price: Moderate, not very expensive or very cheap. Although the price of Thai goods in Thailand is relatively cheap, but after been added with expenses of transportation logistics, taxation, customs clearance, etc., the price of Thai goods is more expensive than it is in Thailand, but compared with Chinese products of the same quality, it is cheaper.

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Advertising costs are high and there is a lack of publicity. Online platform's advertising costs are low, but the people involved, especially the target audience is more extensive. If physical stores are advertised in today's world, the cost is high. Therefore, the Thai pavilion is mainly relied on public praise.

O Opportunity: The promotion of the Belt and Road construction. Thailand is a country along the Belt and Road. China attaches great importance to economic and trade cooperation with Thailand. The Chinese and Thai governments attach great importance to Sino-Thai cooperation. In this context, expenses including tariffs, etc. are very low.

With the integration of the region and the construction of interconnection, the current logistics is very convenient, and the cost is greatly reduced.

As the improving of Chinese people living standard, the Chinese people prefer to buy high-quality goods, things like the first import goods fair which was held in Shanghai in November 2018, show the opportunity for foreign high-quality goods to enter China.

T Challenge: With the construction of more and more e-commerce platforms, cross-border e-commerce is also increasing, and the impact on physical stores is great.

Counterfeit goods, simulation goods. Because the raw materials of Thai goods are better in texture and are very popular among Chinese people, in this case, many businessmen fake Thai goods. For example, latex pillows, bird's nest, etc. are particularly noticeable.

Summary: Strengthen internal management, continue to maintain the advantage of Thai Pavilion's distinctive products, and actively adjust itself in the context of the great opportunities of the One Belt One Road, interoperability and regionalization. Actively introduce cross-border e-commerce methods, combining

online and offline forms to make the Thai pavilion even more powerful and get flourished development.

5.2 Discussion

Compared with Guangxi and Yunnan provinces, Zhejiang Yiwu has no geographical advantage, for Guangxi and Vietnam are borders. It is the gateway to the alliance. Yunnan Province is bordered by Laos and Kunming-Bangkok Road connects Laos and Thailand. The general bulk cargo is transported through Kunming-Bangkok Road and Cambodia, Vietnam and then arrived in Guangxi Dongxing. Therefore, Zhejiang Yiwu is relatively inferior to Guangxi and Yunnan in terms of logistics cost and time.

In addition to the Zhejiang Yiwu Thailand Pavilion, there are many other Thai pavilions that have sprung up in other places, such as the ASEAN Commodity City, the ASEAN National Commodities Pavilion, and the Thai Boutique House etc. However, these do not affect the development of the Yiwu Pavilion in Zhejiang, because China has a vast territory and a large population, each place has its own market.

With the development of China's Internet, China's e-commerce has developed rapidly. The Chinese government also encourages e-commerce. There are also great incentives for cross-border e-commerce. E-commerce has a great impact on the real economy. E-commerce represents China's future, and Chinese society has entered a cashless society, so Zhejiang Yiwu Thailand Pavilion should adjust its strategy as soon as possible, adopt online and offline initiatives.

5.3 Recommendations

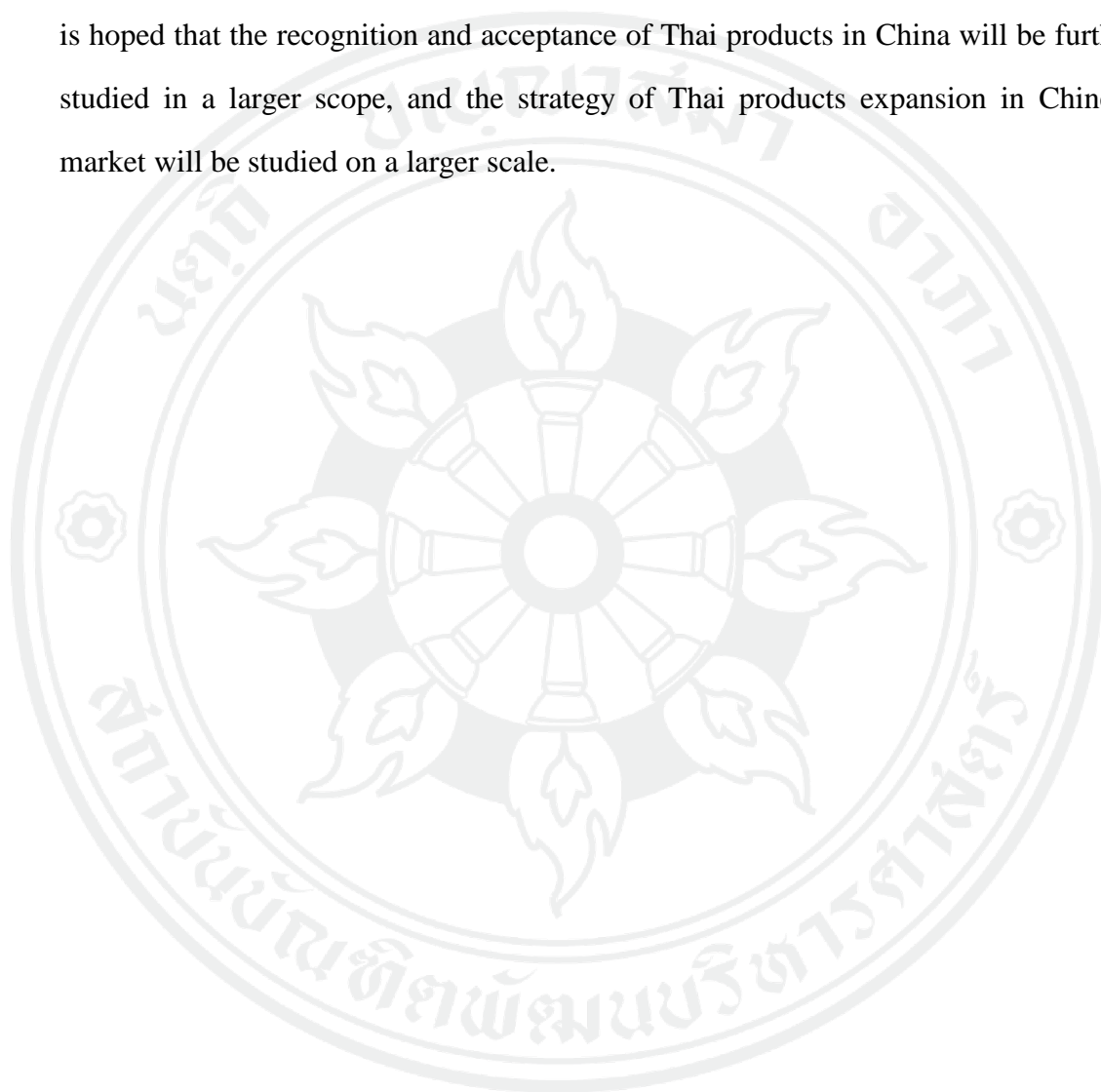
Policy recommendations: In order to expand Sino-Thai trade, it is hoped to consider further expanding trade facilitation measures. Although China and Thailand are close, the border is not connected and preferential conditions for border trade do not apply. The vast majority of goods between China and ASEAN countries including Thailand are already zero-tariff, but there are still commodity value-added taxes and the tax rate is still relatively high. In addition, some of the products are limited in quantity. For example, the fragrant rice in Thailand is very popular among Chinese people, but there are quotas for importing to China. Simplify fruit inspection and quarantine procedures. Since tropical fruits in Thailand are fruits that are easy to mature and damaged, the entry and transportation time is very important.

Thai goods' entering China should pass through Laos. In this way, there are four gateways between Thailand, Laos and China, which are still relatively complicated in terms of import and export procedures, and it takes long time. Especially in the Laos section, once the commute time is encountered, the goods can only stay at the gateway, which not only consumes time but also has a direct impact on the quality of the goods. Therefore, it is hoped that the relevant departments can better solve the problem and expand trade facilitation measures.

Strengthen intergovernmental communication and publicity. In fact, there are many high-quality products in Thailand. Many of the products in the "One Town, One Product" program in Thailand are popular among Chinese people. In this regard, the Thai government's propaganda in China is not enough, and the Chinese people do not well understand Thai products, which is a very regrettable thing. Therefore, it is recommended that the governments of China and Thailand can communicate well, especially in the construction of the "Belt and Road", strengthen policy

communication, expand the trade volume between China and Thailand, and achieve the goal of 100 billion US dollars as soon as possible.

Academic Suggestions: The scope of this study is limited to the Yiwu Thai Pavilion, which is used to formulate the development strategy of the Thai Pavilion. It is hoped that the recognition and acceptance of Thai products in China will be further studied in a larger scope, and the strategy of Thai products expansion in Chinese market will be studied on a larger scale.



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Appendix A
Examples of Questionnaire

Dear Madam / Mr. :

In order to truly understand the Thai Pavilion in the eyes of the public, formulate an effective development strategy and realize the sustainable development of the Thai Pavilion, so that your life can receive more care from the Thai Pavilion. For this purpose, we have formulated a questionnaire, and you can answer the questionnaire according to your actual situation. This questionnaire is based on the principle of unregistered and voluntary participation, and you can withdraw from the survey at any time. We will be completely confidential throughout the investigation. We promise that we will never bring you any adverse effects and troubles.

Thank you for your support and cooperation!

Contact person: Shanwadi International Trading Company

Manager: Lou xiaoli

Contact number: 13588690175

Thailand Shawadi International Trading Company

(Seal)

June 2017

Examples of Questionnaire

I. Personal information

1. Gender

A Male () B Female ()

2. Age

A 18 years old or younger () B 18~ 24 years old ()
 C 25 ~ 30 years old () D 31 ~ 40 years old ()
 E 41 ~ 50 years old () F 50 years old or older ()

3. Social occupation

A student () B staff member () C manager ()
 D Businessman () E freelance ()

II. The Recognition of the Thai Pavilion

4. Do you know that there is a “Thailand Pavilion” in the fifth district market of the International Trade City?

A Yes, I know. () B Heard of it. () C No, I don’t know. ()

5. How did you get to know the Thai Pavilion?

A friend introduced () B saw the ad ()
 C inadvertently passed by ()

6. Have you purchased the goods in the Thai Pavilion?

A Yes. () B No. ()

7. How many times do you have to buy goods in the Thai Pavilion in a year?

A Once () B Many times ()

8. What do you think of the price of Thai Pavilion goods?

A Relatively cheap () B Moderately priced () C Price is too high ()

9. What do you think of the salesperson service attitude in the Thailand Pavilion?

A Satisfied () B Dissatisfied () C Pretty dissatisfied ()

10. Are the product styles in the Thai Pavilion rich and varied?

A rich and diverse () B general () C no diversity ()

11. Are you satisfied with the quality of the Thai Pavilion?

A Satisfied () B Dissatisfied () C Pretty dissatisfied ()

12. Do you think the quality of the products in Thai Pavilion is competitive?

A Competitive () B Common level () C Pretty not competitive ()

13. Do you think the price of the products in Thai Pavilion is competitive?

A Competitive () B Common level () C Pretty not competitive ()

14. Are you satisfied with the shopping environment of the Thailand Pavilion?

A Satisfied () B Dissatisfied () C Pretty dissatisfied ()

15. If you have the chance, will you buy the goods from the Thai Pavilion again?

A Yes. () B Not necessarily () C No. ()

16. If you have the chance, would you like to recommend the Thai Pavilion to your friends?

A Yes. () B Not necessarily () C No. ()

17. What do you think is the biggest advantage of the Thai Pavilion?

A Product Quality () B Product Price () C Service ()

18. What do you think is the biggest disadvantage of the Thai Pavilion?

A Product Quality () B Product Price () C Service ()

19. Do you have any plans to /Have you ever purchase Thai goods from other stores or channels?

A Yes () B Never had () C Will not ()

20. What are your proposals for the development of the Thai Pavilion?

Thank you for your attention, welcome to the Thailand Pavilion!

This ticket entitles you to receive a small gift at the Thailand Pavilion.

Thai Swanwa International Trading Company

(seal)

June 2017



Appendix B
Key points of strategic research interviews of Thai pavilion
in China Yiwu

1. Do you know the Thai Pavilion?
2. Can you tell us about your feelings about the Thai Pavilion?
3. Briefly introduce the history, purpose, and current situation of the establishment of the Thai Pavilion.
4. Chinese people's perception and acceptance of Thai goods.
5. How do you evaluate the Thai Pavilion compared to other surrounding shops?
Strengths and weaknesses of Thailand Pavilion in the product quality, prices, sales and after-sales service, advertising.
6. Impressions on the Thai Pavilion:
 - Price
 - Quality
 - Sales and after-sales service
 - Attractive advertising
 - Product diversification

7. What opportunities will the Thai Pavilion encounter in its development?

Challenge?

8. Suggestions for the development of the Thai Pavilion:



BIOGRAPHY

NAME

Mr.Xianglin Qian

ACADEMIC

1960-1965 Graduated from Department of Automatic Control, Harbin Institute of Technology, China

BACKGROUND

1960-1965 Graduated from Department of Automatic Control, Harbin Institute of Technology, China.

EXPERIENCES

1965-1983 Chief Engineer, Shenyang Heavy Machinery Design Institute, China.

1983-1986 North Korea-China Expert Group, installation and commissioning of automation equipment.

1986 China Zhuhai electric co., Ltd. Chief engineer.

1986-1987 Project Manager, Northeast Heavy Machinery Group, China.

1988-1992 Deputy General Manager, China Shenyang Science and Technology Industrial Corporation.

1988-1992 Shenyang Automation Equipment Factory, Director

1992-1994 Senior Director, Hong Kong Jiehe Metal Co., Ltd., Thailand.

1994-2018 Director, Thailand Hualian Electric Engineering Co., Ltd.

1994-2018 Director, Thailand Hualian International Trade Co., Ltd. Hold position in community.

2005-2009 Director-general, Jiangsu Zhejiang Pavilion in Thailand.

2009-2018 Chairman, General Chamber of Commerce of Jiangsu, Zhejiang and Shanghai in Thailand.