



"Bonded Import + Direct Mail" Model of Cross-border E-commerce in Hainan Free Trade Port: Development, Challenges and Strategies

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Abstract: This paper focuses on the "bonded import + direct mail" mode of cross-border e-commerce in Hainan Free Trade Port. First, the development history of Hainan Free Trade Port, the rise of cross-border e-commerce and the significance of research purpose are expounded, and relevant theoretical foundations are introduced. Then analyze the policy environment of Hainan Free Trade Port, the scale and dynamics of cross-border e-commerce market, and analyze the advantages of "bonded import + direct mail" mode. Then it points out the problems and challenges of this model in policies and regulations, logistics supply chain, consumer cognition and so on. Through case studies at home and abroad and in Hainan Province, the successful experience is summarized. Finally, suggestions are put forward from the policy formulation and enterprise practice level to promote the efficient development of this model in Hainan Free Trade Port.

Keywords: Hainan Free Trade Port; cross-border e-commerce; "bonded import + direct mail" mode

1. Introduction

1.1 Research Background

1.1.1 Development of Hainan Free Trade Port

The concept of building Hainan Free Trade Port was not put forward in 2012, but began in 2018, on the 30th anniversary of the establishment of Hainan Province as a special economic zone. The concept of building Hainan Free Trade Port was first put forward by the state. On June 1, 2020, the Overall Plan for the Construction of Hainan Free Trade Port was officially released, marking the full launch of the construction of Hainan Free Trade Port. According to the plan, Hainan Free Trade Port will realize the whole island customs closure operation by the end of 2025, with an accelerated process and clear goals, which is of great significance. The development process of Hainan Free Trade Port is a process of continuously deepening reform, promoting policy advantages, strengthening international cooperation, promoting economic growth and sustainable development.

1.1.2 The Rise and Importance of Cross-border E-commerce

In the past three years, cross-border e-commerce has risen rapidly in global trade, becoming an important force driving the restructuring of global supply chain and promoting the internationalization of small and medium-sized enterprises. According to data from the General Administration of Customs, China's cross-border e-commerce import and export volume reached 2.38 trillion yuan in 2023, up 12.8% year-on-year, playing a key role in the global economic recovery in the post-pandemic era. Its growth was attributable to factors such as the improvement of digital infrastructure, logistics innovation, mature platform ecology and policy optimization. Cross-border e-commerce reshapes the global value chain, helps small and medium-sized enterprises to upgrade, and drives the development of supporting industries, which is the result of the synergy between technology and globalization.

1.2 Study purpose and significance

1.2.1 Analyze the advantages and challenges of the "bonded import + direct mail" model

This paper focuses on the cross-border e-commerce "Bonded Import + Direct Mail Mode (BIM + DMM)" of Hainan Free Trade Port, analyzes its operation mechanism, advantages and challenges in Hainan Free Trade Port, and provides decision-making reference for the system innovation, policy optimization and commercial ecology construction of the Free Trade Port. This model has obvious advantages, including simplifying customs clearance process, reducing costs and enhancing consumer experience. However, there are also challenges such as regulatory synergy, return processing, and compliance risks.

1.2.2 Advice on policy formulation and business practices of Hainan Free Trade Port

At the level of policy formulation, we will promote system integration and innovation, such as building a cross-departmental "one-stop" digital collaborative supervision platform, carrying out the pilot work of cross-border e-commerce

return facilitation supervision, and refining supporting rules such as taxation and foreign exchange management. At the commercial operation level, enterprises should seize policy opportunities, plan and deploy regional distribution centers in advance, cooperate in depth with local logistics, marketing and other service providers, build a stable and reliable supply chain network, and upgrade compliance operation to a strategic level.

2. Relevant theoretical basis

2.1 Definition and characteristics of cross-border e-commerce

Hainan Free Trade Port, as China's highest-level platform for opening up to the outside world, has built a highly competitive policy system with the Overall Plan for the Construction of Hainan Free Trade Port as its core. In terms of taxation, enterprises in encouraged industries will be levied enterprise income tax at a reduced rate of 15%, and high-end and in-demand talents will be exempted from individual tax exceeding 15%; Implement the "zero tariff" policy, implement three zero tariff lists such as raw materials and auxiliary materials in stages and expand the capacity many times. In addition, in 2021, the first negative list for cross-border service trade in China was released, market access was relaxed, and cross-border data flow was piloted to attract high-quality international resources.

2.2 Concepts of Bonded Import and Direct Mail

Driven by national policies, cross-border e-commerce of Hainan Free Trade Port has grown rapidly. In 2023, the total import and export volume of cross-border e-commerce in Hainan Province was 1.27 billion yuan, representing a year-on-year increase of 89.6%, with exports accounting for 68% and imports accounting for 32%, and the business was concentrated in special customs supervision areas[1]. The "14th Five-Year Plan" proposes that by 2025, the province's cross-border e-commerce transaction volume will strive to reach 5 billion yuan. The high growth expectation stems from policy advantages. At present, Hainan's cross-border e-commerce ecology has initially formed a complete chain, with layouts at the platform, enterprise, logistics and service provider levels, creating a professional service path and solving the problem of export logistics.

3. Analysis of "Bonded Import + Direct Mail" Mode

3.1 Overview of patterns

"Bonded import + direct mail" is an innovative hybrid strategy of cross-border e-commerce logistics, which consists of two complementary subsystems: bonded import and direct mail. Bonded imports rely on bonded warehouses, and overseas goods enter the zone in batches without paying tax for the time being. After consumers place orders, they will be distributed domestically through the process; Direct mail is for unstocked goods, which are stored in overseas warehouses, and declared from overseas after placing an order to enjoy tax incentives. This model relies on an intelligent dynamic decision-making mechanism. The platform divides inventory units according to data, and order generation automatically triggers the fulfillment path. Bonded orders are fast, direct mail is slightly slower, and data-driven guarantee is efficient.

3.2 Advantages of this model

Commodities in the bonded segment are transported in batches to dilute freight costs, enjoy exclusive tax incentives, reduce comprehensive tax burden, support reverse logistics and optimize operating cost structure.

Pre-inventory shortens the fulfillment distance of bonded orders, diverts the fulfillment pressure of long-tail commodities, avoids the risk of pure direct mail, enhances the overall flexibility and stability of cross-border supply chain, and achieves the best balance between cost, timeliness and service quality.

Integrating "deterministic delivery" and "full category coverage", bonded warehouse goods are delivered quickly, and direct mail channels meet diverse needs, enhance trust, and improve user stickiness and repurchase rate.

4. Problems and challenges in the implementation of the model

4.1 Policy and Regulatory Challenges

The fragmentation and lag of regulatory frameworks in various countries pose the primary obstacle. For example, there are significant differences in cross-border data flow rules such as the European Union's General Data Protection Regulation (GDPR) and China's Personal Information Protection Law, which leads to a significant increase in corporate compliance costs[2]. At the same time, the vague definition of platform responsibility, different tax collection and management standards, and the difficulty of rules of origin to adapt to emerging e-commerce models further aggravate the legal uncertainty.

4.2 Logistics and Supply Chain Management

In logistics and supply chain management, the problems of high cost and low efficiency are particularly prominent[3]. The fluctuation of international air capacity, the cumbersome multi-level customs clearance process, the insufficient localized performance ability of overseas warehouses, and the absence of green logistics standards have jointly pushed up the comprehensive logistics cost by 18% ~25% of the total transaction volume. Studies show that long shipping times and high freight rates are among the main reasons consumers abandon cross-border shopping.

4.3 Consumer Awareness and Acceptance

Consumer awareness and acceptance constitute the ultimate threshold for cross-border e-commerce market expansion. Language barriers, insufficient adaptation of localized content, and the "information cocoon" formed by algorithm recommendation bias easily lead to user cognitive bias, resulting in an average user conversion rate of 37% lower in new markets than in mature markets. At the same time, the differences in cross-cultural trust between different countries and regions further affect consumers' cross-border consumption decisions.

5. Case Studies

5.1 Successful Case Analysis

In the past three years, the dual-track parallel mode of "bonded import + direct mail" has become the core strategy in the cross-border e-commerce field to improve performance efficiency, optimize inventory structure and meet the diversified needs of consumers.

Many domestic and foreign platforms have actively practiced and achieved remarkable results, such as domestic platforms such as Tmall International, JD.COM International, Koala Haigou, and international platforms such as Southeast Asian e-commerce platforms Shopee and SHEIN, all of which have achieved efficient performance and user experience improvement through core capabilities such as intelligent product selection and warehousing algorithm, efficient coordination with customs system, and stable multimodal direct mail network.

5.2 Practice cases in Hainan Province

In the development of cross-border e-commerce in Hainan, JD.COM International set up a bonded warehouse in Haikou Comprehensive Bonded Zone to carry out 1210 mode practice; Hainan Yiling Group relies on policies to focus on cross-border medicine and big health; Tmall International lays out O2O offline experience stores, integrating "offline experience, online ordering, bonded/direct mail delivery". In addition, the 1210 mode goods of Hainan Free Trade Port can be returned and resold in the area, and the 9610 mode is not applicable for the time being.

6. Policy recommendations

6.1 Recommendations for policy development

Build a dynamic commodity whitelist and risk rating system to provide access guidelines for "bonded import + direct mail". Formal direct mail orders on the platform are uniformly subject to bonded tax policies, reflecting fairness. Hainan Free Trade Port has realized the return and resale of bonded imported goods in the area, and plans to expand to direct mail goods in the future. Relying on the pilot cross-border data flow, enterprises can intelligently dispatch bonded warehouses. In 2024, the scope of the pilot will be expanded, and it will be more convenient to cross-border data in new fields.

6.2 Recommendations on corporate practices

Enterprises should define the boundary between bonded import and direct mail mode to ensure consistent commodity information. Build an intelligent product selection and inventory allocation model to balance cost and timeliness. The bonded warehouse selection policy stabilizes the region, cooperates with strong customs clearance partners, and lays out multiple channels by direct mail. Pay attention to reverse logistics and improve the ability to handle returns. Take advantage of the policy and geographical advantages of Hainan Free Trade Port to attract talents, build a distribution center and build long-term advantages.

7. Conclusion

7.1 Study Summary

This paper focuses on the "bonded import + direct mail" mode of cross-border e-commerce in Hainan Free Trade Port, analyzes its advantages and challenges, and puts forward suggestions based on cases and practice. The research finds that the

lack of policy coordination is the core factors restricting development, and the core challenges are policy fragmentation, high logistics cost and low consumer cognition conversion rate. In this regard, suggestions such as "collaborative supervision" are put forward from the policy side, and strategies such as "intelligent product selection" are put forward from the enterprise side to accurately respond to the challenges.

7.2 Future Research Directions

Future research can further focus on the collaborative optimization of policies and regulations, and explore how to break the barriers brought about by differences in regulatory frameworks among countries; In-depth research on how to use digital technology innovation to reduce logistics costs and improve efficiency; Pay attention to how to enhance consumer trust through localized operation and improving service quality; At the same time, pay attention to the development path of "bonded import + direct mail" mode in the green and intelligent direction, and provide more theoretical support for the sustainable development of cross-border e-commerce in Hainan Free Trade Port.

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