

# *Analysis of the Development of C2B2C E-commerce in China*

Chentao Li<sup>1,a,\*</sup>

<sup>1</sup>College of Business Administration, Capital University of Economics and Business, Beijing, 100070, China

a. Tc115910683220@sina.com

\*corresponding author

**Abstract:** As the overall growth rate of China's e-commerce industry gradually slows down and enters a new stage of development, some market segments and e-commerce models have shown great potential and have attracted widespread attention. With its unique trading model and advantages, C2B2C has become the new darling of capital and the market. In this paper, the current application of the C2B2C model in China and the characteristics of the model are elaborated. Aiming at the application of this model in China's e-commerce market, this paper analyzes the characteristics and advantages of their respective C2B2C models by taking "Poizon" and "Zhuan Zhuan" as examples. At the same time, it also gives a reasonable conjecture and analysis of the future of this model in China. Through research, it is found that this model is fundamentally different from conventional C2C e-commerce and B2C e-commerce, and has huge advantages in some e-commerce market segments, and in the future, it is bound to have a broader market and recognition.

**Keywords:** C2B2C, "Poizon" platform, "Zhuan Zhuan" platform

## 1. Introduction

After nearly 10 years of rapid development of China's e-commerce market, China has a relatively mature, stable, advanced, stock objective e-commerce market, from the trend in recent years, China's e-commerce development has entered a new stage, in 2021, affected by the slowdown of the epidemic and other factors, pent-up demand has been released, e-commerce transaction volume reached 42.3 trillion yuan, a year-on-year increase of 19.6%, in 2022, the total transaction volume of China's e-commerce platform will be 43.8 trillion yuan, an increase of 3.5% over the previous year, Its growth trend has continued to the pre-pandemic level and has been declining [1]. Still, some market segments and models still have great potential. With its unique approach and great development potential, customer-to-business-to-customer (C2B2C) has become a growing focus of China's e-commerce industry.

The current application and characteristics of the C2B2C model in China are elaborated in this paper. This paper gives detailed information and a summary of the current development of C2B2C in China, and at the same time, it also gives a reasonable conjecture and analysis for the future of this model in China. This article is of great reference significance for friends who want to understand the development of China's e-commerce, especially the C2B2C model.

## **2. Introduction to the C2B2C Model**

### **2.1. Definitions**

C2B2C (customer to business to customer) e-commerce model is an individual through the enterprise e-commerce platform to realize the flow of information, capital and logistics between individuals and platforms, between individuals and individuals.

C2C (customer to customer) e-commerce model is e-commerce between individuals, with the platform as the medium, or without the platform to achieve information flow, capital flow and logistics.

The B2C (business to customer) e-commerce model is that the enterprise provides retail goods or services to individuals as a platform as a medium, so as to realize the information flow, capital flow and logistics between enterprises and individuals [2].

### **2.2. Comparison of C2B2C with Other Mainstream Models**

The C2B2C model has obvious differences in information flow, capital flow, and logistics from other mainstream models [3].

#### **2.2.1. Information Flow**

In the B2C model, the enterprise provides relevant product information to consumers through the e-commerce platform, and in the C2C model, the seller provides relevant product information to buyers through the e-commerce platform. For the C2B2C model, the information flow is divided into two stages, the first stage, the e-commerce platform after receiving the goods, feedback to the seller the receipt status of the goods, product details and storage status (if it is a second-hand item, there will also be information such as product condition, care, recommendation services, etc.), and the second stage is that the platform will identify the product, and the information provided to consumers will be comprehensive after analyzing the details of the condition (if it is a second-hand item, the information will be more complex and diverse). Compared with the other two models, the most fundamental difference between C2B2C is the stage, which involves three parties, so it is the information flow of two stages. In addition, at the platform-to-consumer stage, the flow of information is more comprehensive, reliable, and authoritative, which is similar to B2C.

#### **2.2.2. Capital Flow**

In the B2C model, after the consumer buys, the capital flow is temporarily stored in the e-commerce platform, and after the buyer confirms the receipt, the capital flow flows from the e-commerce platform to the enterprise, and in the C2C model, the characteristics of the capital flow are highly similar to B2C, the difference is that the final recipient of the capital flow is the individual seller rather than the enterprise. For the C2B2C model, the flow of funds has different flow characteristics in different situations. Generally speaking, after the transaction is confirmed, the capital flow is first from the buyer to the e-commerce platform and temporarily stored there, and after the receipt is confirmed, the funds flow from the platform to the seller. The second situation can be divided into two stages, the first stage, after the seller and the e-commerce platform confirm the transaction, the flow of funds from the platform directly to the seller. In the second stage, after the buyer confirms the purchase of the product, the capital flow will flow from the buyer to the platform. Both of these situations are widely used in today's Chinese C2B2C model, the former is similar to B2C and C2C, while the latter is more unique.

### 2.2.3. Logistics

In the B2C model, after the consumer buys, the logistics is directly from the enterprise to the consumer, and in the C2C model, the logistics is highly similar to B2C, the difference is that the individual seller rather than the enterprise sends out the logistics. For C2B2C, logistics is divided into two stages, the first stage, the logistics from the individual seller to the platform, and the second stage, the logistics from the platform to the buyer. It is clear that the logistics flow of C2B2C is completely different from the first two.

## 3. Application of the C2B2C Model in China

### 3.1. Some Mainstream C2B2C Model Platforms

#### 3.1.1. "Poizon" Platform

In 2015, with the continuous expansion of China's e-commerce market and the growing demand for trendy shoes and clothing, at that time, although e-commerce platforms led by Taobao were widely sold for trendy items, fakes were rampant and questioned by consumers. In response to this pain point, the Poizon platform was born. Poizon has built a comprehensive set of C2B2C trading models. In this mode, once the buyer pays the platform and the transaction begins, the seller needs to deliver the goods to the platform within the specified time limit, and the identification department of the platform will conduct identification, in addition to checking the authenticity of the goods, it is also necessary to check the version and condition of the goods. After meeting the requirements, the goods will be sent, and the transaction will be concluded after the buyer confirms the receipt. At this time, the platform will take a certain percentage of the commission, and the rest of the money will be returned to the seller. If the goods do not meet the relevant requirements, the money and goods will be returned to the same way and the transaction will be closed. This is the basic model of C2B2C, and it is also the well-known "identification first, then delivery" model. According to a 2020 report by People's Daily Online, 1 in 3 young people are using the Poizon app. In August 2020, Poizon App was listed on the "Suzhou High-tech Zone-2020 Hurun Global Unicorn List" with 7 billion yuan, becoming the largest trendy online shopping community in China[4].

The key advantages of the C2B2C model of Poizon are mainly reflected in the B side and the C (seller) side.

The Strict rules for seller entry on the C (seller) side of the model give it a core advantage. To be specific, The sellers of Poizon are divided into brand/business sellers and individual sellers. No matter what it is, Poizon has formulated a set of strict but reasonable rules for sellers to settle in, which generally involves qualification review, identity review, payment of deposit, etc., and only after all the requirements are met can you become a seller of Poizon and have the right to ship. This set of strict and thoughtful seller entry rules provides consumers with high-quality and reliable sources of goods, which complement each other, which also gives consumers a high degree of trust in the platform.

In short, the identification upgrade of the obtained object on the B side of the model gives it a core advantage. In terms of the rigorous and professional identification of B side. As the core of the C2B2C model, Poizon attaches great importance to commodity identification. Poizon has signed a lot of professional and experienced discriminators, many of whom are veterans and even professional discriminators in the field of domestic and foreign trends. The platform and the appraisers collect data on a large number of different products, and establish a relatively comprehensive and authoritative archive to standardize the identification process of different categories of goods and give reference to the key points of identification. Recently, Poizon has also reached strategic cooperation with the Luxury Appraisal Center of China Jianjian Group, which

further strengthens the identification ability and authority of the platform. When it comes to the thoughtful four-piece set of B side. The goods that have been identified and shipped will be equipped with a four-piece set of goods, that is, an exclusive express box, an exclusive identification buckle, an exclusive identification certificate and an exclusive tape. This four-piece set has a family-style design language and features, and it is easy to recognise. The existence of the "four-piece suit" symbolizes the platform's commitment to quality service and quality, and more importantly, it gives consumers a hint of consumption - Poizon is different from other platforms.

### **3.1.2. "Zhuan Zhuan" Platform**

Zhuan Zhuan is a second-hand trading platform officially launched on November 12, 2015, and a second-hand e-commerce platform incubated by 58 Group. According to the "2018 White Paper on Zhuan Zhuan Second-hand Trading Service" released in March 2019, the total number of users of Zhuan Zhuan platform exceeded 200 million in 2018, and the number of monthly active users of apps and mini-programs exceeded 50 million. In the beginning, Zhuan Zhuan mainly focused on C2C service for individual transactions, and gradually launched a C2B2C self-operated model in business sectors such as "mobile phones and books". Similar to Poizon, through effective inspection procedures and evaluation criteria, Zhuan Zhuan has built a more comprehensive and mature C2B2C model, which reduces adulteration and mutual distrust between buyers and sellers in the C2C model, and establishes a safe, secure and satisfactory trading platform for consumers while enhancing its own reputation.

The key advantages of the C2B2C model of Zhuan Zhuan are mainly reflected in the B side and the C (buyer) side.

The authoritative and thoughtful renovation maintenance and color identification on the B side of the model give it a core advantage. To be specific, as a second-hand e-commerce platform, unlike Poizon, the service provided by Zhuan Zhuan is a comprehensive renovation and maintenance of goods and professional color identification. After the goods are sent to the platform, there will be professionals to refurbish and maintain the goods, because they are second-hand items, so this service generally includes dust removal and deep cleaning of electronic products. In fact, it is a color identification service, taking mobile phones as an example, professionals will give authoritative color identification through factors such as version model, battery health, screen wear, appearance wear and tear and other component functions.

In short, the high freedom of pricing and a variety of sales methods on the C(buyer)side of the model give it a core advantage. After the platform identifies the condition of the shipped goods, the platform will provide pricing suggestions for the seller, which will be more conducive to the rapid sale of the goods, but this is not a mandatory rule, the final pricing power is in the hands of the seller, if the seller puts the selling price in the first place and does not care so much about the payment time, he can set a price higher than the recommendation. Conversely, if the seller is more concerned about the payment time, he can also set a lower price than the recommended price.

In addition, Zhuan Zhuan also provides sellers with a variety of ways to sell, such as platform recycling and selling by themselves. From the perspective of the entire logistics process, platform recycling is another C2B2C model, and the latter is a C2C model.

## **3.2. Exploration of C2B2C on Other Platforms**

Nowadays, more and more e-commerce platforms have seen the advantages and business opportunities of C2B2C, and have also launched their own C2B2C transaction models. Xianyu is a typical C2C second-hand e-commerce platform in China, and now it has also launched a "fast recycling model", involving electronic product recycling, home appliance recycling, luxury tide

recycling, etc. 95 points is a second-hand e-commerce platform under Poizon, relying on the Poizon system, to establish its own set of C2B2C model, and its business scope is highly similar to Poizon, mainly involving trendy shoes and electronic products. On November 1, 2022, Hongblin was a second-hand fashion e-commerce platform mainly involved in luxury goods and trendy items, and on November 1, 2022, Hongblin received a \$100 million Series C investment from Zhuan Zhuan Group [5].

## **4. The Development of the C2B2C Model in China**

### **4.1. SWOT Analysis**

The so-called SWOT analysis, that is, based on the internal and external competitive environment and the situation analysis under competitive conditions, is to closely related to the research object of the main internal advantages, disadvantages and external opportunities and threats, etc., through these, can give the research object the current situation of an objective and comprehensive feedback, convenient for the internal decision-makers and researchers of the enterprise to carry out further work.

#### **4.1.1. Strengths**

In the C2B2C model, the advantages brought by B are very obvious, authoritative identification, commodity maintenance, color analysis and other services are not available in other models, these value-added services give sufficient guarantee for the quality of goods, consumers are more assured of purchase, and after trusting the platform, it is easy to form a consumer dependence, so the user stickiness is also higher. In addition, in the C2B2C model, it is easier for C-sellers and C-buyers to exchange identities for buying and selling, thus forming a virtuous cycle system, and the platform can continue to profit in the process. This advantage is especially evident in the C2B2C model of the second-hand e-commerce market, where becoming a seller is usually as easy as becoming a buyer, both from the perspective of qualification and supply, and the threshold is lower.

#### **4.1.2. Weaknesses**

Compared with other e-commerce models, the C2B2C model needs to be equipped with a professional identification and analysis team, commodity warehouses, and large-scale cooperation with logistics companies. In addition, the existence of B also objectively increases the complexity of logistics, and the circulation speed of goods is slow, which is also a disadvantage that cannot be ignored [6].

#### **4.1.3. Opportunities**

At present, the market segments of the development of the C2B2C model are mainly trendy clothing, electronic digital and luxury goods, which only accounts for the tip of the iceberg of the huge e-commerce market, if the industry can find other market segments suitable for the C2B2C model and can give full play to its advantages, it will be a huge opportunity for the C2B2C model and related platforms. Second, under the current trend of consumption downgrading, more and more people have participated in second-hand e-commerce, whether it is dealing with idle items or buying second-hand items with more competitive prices, which is undoubtedly a huge business opportunity for C2B2C second-hand e-commerce.

#### 4.1.4. Threats

Among the C-sellers, there are many professional sellers, who usually have more sources, more professional market logic and broader channels to get the goods, so they can often give more competitive prices. If this phenomenon cannot be restricted or resolved, but becomes more serious, it will have a greater blow to individual sellers. This can lead to the collapse of the healthy seller market and a significant decrease in the favorability of individual sellers towards the platform, which is undoubtedly a huge threat.

#### 4.2. The Future of the C2B2C Model

As analyzed above, in the future, the C2B2C model is likely to be applied to a wider market segment, facing a more diverse customer group and having a larger scale. In the context of the current consumption downgrade, the C2B2C second-hand e-commerce market is gradually becoming the darling of capital and the market. In the future, enterprises/e-commerce platforms using the C2B2C model can further develop and optimize the value-added services brought by B, and further rectify and optimize in C (seller's side), and with the optimization of B-end and C-end (seller's side), it is bound to attract a broader C (buyer's side), which in turn will promote the virtuous development of C2B2C.

#### 5. Conclusion

In this paper, the development and application of C2B2C in China are described in detail, and a more systematic analysis is made. With its unique advantages, the C2B2C model has brought irreplaceable value-added services to the e-commerce market, and has been used by many well-known platforms and has achieved initial success. It has not only won the favor of consumers and sellers, but also won the recognition of capital and the market. In the future, the C2B2C model is bound to have a wider market, more standardized and better operating kernels. Unfortunately, the analysis of the development status of C2B2C model in this paper is not deep enough and the discussion on future development is limited. In the following time, the author will make further exploration and analysis.

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