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Consumer Protection Laws and Cross-Border E-Commerce Compliance

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ABSTRACT
The rapid development of cross-border e-commerce has brought unprecedented globalization opportunities to Chinese beauty brands, especially companies like Mao Geping. But at the same time, companies must also face strict consumer protection requirements from different jurisdictions. Legal obligations such as product safety standards, ingredient and labeling specifications, return rights, and after-sales service have significantly increased the operational burden and legal risks of companies [5]. This article expands the research perspective from simple supply chain efficiency to the compliance management level, focusing on how Chinese beauty brands can meet the mandatory requirements of consumer protection laws in various countries in the process of expanding into the international market. With the help of compliance management theory, transaction cost theory, and comparative analysis of consumer protection laws, the article proposes a feasible path to effectively control compliance costs and reduce legal risks while maintaining supply chain operational efficiency.

KEYWORDS
Cross-border e-commerce; Consumer protection law; Compliance risk; Supply chain management; Beauty brand; Mao geping

1 Introduction

In recent years, cross-border e-commerce has become a crucial channel for Chinese beauty brands to expand internationally. Platforms like TikTok and Amazon have helped brands rapidly increase their international visibility, but this also places them under the strict consumer protection regimes of multiple jurisdictions. For example, the EU's Consumer Rights Directive has clear and strict regulations on return and refund policies, while US law places a greater emphasis on product liability and labeling compliance. These differences not only increase operational obstacles for businesses but also lead to high compliance costs and uncertain legal risks. Against this backdrop, this article focuses on the intersection of legal compliance and supply chain management, attempting to answer a core question: How can Chinese beauty brands seize international market opportunities while complying with mandatory consumer protection regulations in various countries and mitigating compliance risks in a cost-effective manner?

2 Legal environment and strategic response of China's cross-border e-commerce

2.1 Current situation and legal challenges of China's cross-border e-commerce

In recent years, China's cross-border e-commerce has seen explosive growth, becoming not only a significant driver of export growth but also a key channel for Chinese brands to internationalize. This development is driven by a range of supportive government policies, the rapid development of digital payment and cross-border logistics networks, and robust global consumer demand for diverse products. Official data shows that China's cross-border e-commerce transaction volume has maintained double-digit growth for many consecutive years, firmly maintaining its position as the world's largest market. Major platforms such as Alibaba's Tmall Global and JD Global, as well as emerging social e-commerce platforms like Douyin and Redbook, have played a key role in connecting Chinese products and brands with overseas consumers. These platforms not only lower the barriers to entry for small and medium-sized enterprises (SMEs) but also enable brands in niche industries such as cosmetics and apparel to reach a global audience at a relatively low cost.

The rise of cross-border e-commerce in China also reflects shifts in global consumer trends. An increasing number of overseas consumers are seeking products that combine competitive pricing with innovative design and cultural characteristics, and Chinese brands are developing new competitive advantages in these areas. For example, cosmetics companies like Mao Geping are using cross-border e-commerce platforms to incorporate elements of Chinese aesthetics and traditional culture into their product promotions, thereby differentiating themselves from Western brands and attracting international buyers interested in Asian beauty trends. Furthermore, continuous improvements in supply chain management, such as the development of overseas warehouses, policy support for bonded areas, and optimized customs clearance processes, have greatly improved the efficiency of cross-border delivery, further strengthening the competitive advantage of Chinese companies in the global market.

However, opportunities and challenges coexist, and cross-border e-commerce companies also face severe legal and regulatory challenges. The current international legal landscape is highly fragmented, and consumer protection systems in different jurisdictions are often mandatory, directly impacting Chinese companies. For example, the EU Consumer Rights Directive provides consumers with a 14-day right of return without reason [1]. As Namysłowska (2025) points out, although EU consumer law has experienced difficulties in adapting to new forms of online commerce, it has also shown resilience by reinventing itself to address unfair digital practices [4]. The United States emphasizes product liability and warning labeling requirements under its tort law system; and Japan imposes strict compliance requirements on cosmetic ingredient labeling and advertising. These legal differences not only directly impact companies' supply chain strategies but also significantly increase compliance costs and operational complexity. For brands like Mao Geping, establishing overseas warehouses is more than just a logistical tool to shorten delivery times; it's also a necessary requirement for complying with host countries' consumer protection laws, encompassing aspects like product storage, return and exchange policies, and after-sales service. Furthermore, inconsistencies in refund standards and dispute resolution mechanisms between China and abroad increase the risk of consumer lawsuits, regulatory penalties, and even reputational damage. This undoubtedly requires companies to establish more proactive compliance mechanisms and cultivate legal and management teams capable of cross-jurisdictional operations.

2.2 Compliance framework and risk management strategy

To address complex and ever-changing legal challenges, Chinese beauty brands must embed compliance management into every aspect of their supply chain design, rather than viewing it as an independent or passive subsidiary. A proactive compliance mindset not only helps companies reduce the risk of litigation and regulatory penalties but also strengthens consumer trust in overseas markets, thereby creating a long-term competitive advantage.

First, before entering a new market, comprehensive legal due diligence should be conducted to systematically map and implement local consumer protection obligations into logistics arrangements, product labeling, warranty terms, and after-sales service systems. For cosmetics companies, this may involve aligning with ingredient disclosure standards under the EU REACH chemical regulation, complying with US FDA regulations on cosmetics labeling, or meeting compliance requirements for cosmetics promotion and safety under Japan's Pharmaceuticals and Machinery Act. By embedding compliance checks into the product launch process, companies can minimize unexpected disruptions or costly recalls caused by regulatory discrepancies.

Second, a multi-tiered compliance system should be established to clearly allocate risk across each link in the supply chain. This includes not only clearly defining the division of responsibilities for product damage, delayed returns, or data leaks in contracts with logistics providers or distributors, but also establishing internal compliance committees to oversee global operations and maintain regular communication with external legal counsel. Some leading companies have already adopted a "compliance-by-contract" model, allowing all parties in the supply chain to share some compliance risks, thereby reducing the overall burden on brands.

Furthermore, the introduction of digital compliance tools is becoming an inevitable trend. Blockchain-based traceability systems can create an immutable record at every stage of the supply chain, ensuring transparency in product origin, transportation, and sales. This effectively reduces counterfeit disputes and helps companies demonstrate compliance during regulatory inspections. Furthermore, artificial intelligence and big data analytics can be used to monitor consumer complaints in real time, predict potential legal risks, and automate some compliance reporting. Investing in these technologies not only improves the efficiency of compliance management but also gives companies a head start in the increasingly digital world of global regulation.

Currently, Mao Geping has begun experimenting with establishing localized after-sales teams, applying digital inventory monitoring and consumer data analysis to meet host country compliance requirements. However, these measures are still in their early stages and suffer from fragmented and unsystematic implementation. To achieve sustainable international development, the brand needs to establish a comprehensive compliance system encompassing legal due diligence, contractual risk allocation, and digital monitoring. Only by institutionalizing and systematizing compliance management, deeply embedding it into every aspect of the business, can Chinese beauty brands achieve operational efficiency while effectively managing long-term risks and steadily expanding into the global market.

3 Case background and supply chain status analysis

3.1 Overview of Mao Geping ' s brand cross-border operations

In recent years, Mao Geping has actively entered overseas markets through platforms like TikTok and Amazon, gradually increasing his international recognition with his Eastern aesthetic and high-quality products. However, his cross-border business still faces some structural issues, the most prominent of which is legal compliance. For example, in the European Union, sellers must provide consumers with convenient and timely refund channels [1]; in the United States, companies may be subject to strict legal liability if there are issues with product safety or labeling; and in Japan, cosmetics must label ingredient information according to national standards. Without a localized return center or a compliant labeling system, these regulations can translate into compliance risks. Therefore, Mao Geping's challenge is not only logistics delays and inadequate after-sales service, but more importantly, how to meet the mandatory legal requirements of different countries.

3.2 Analysis of reasons

The challenges faced by Mao Geping can be explained from two sides: operations and law. On the operational side, the brand relies heavily on third-party logistics and temporary warehousing, which often leads to mismatched inventory and slow responses to customer needs. But from a legal perspective, the problems are even more significant. The EU requires refunds within 14 days, while Chinese practice usually allows longer periods, creating a compliance gap. In the U.S., the product liability system means that missing warnings or defective packaging could result in lawsuits and expensive compensation. In markets like Japan or South Korea, cosmetics must be labeled in the local language, otherwise companies risk fines or sales restrictions. These overlapping and sometimes conflicting rules force the brand to constantly adjust its supply chain design [3]. As a result, transaction costs rise, and legal uncertainty grows, making compliance the true root of its cross-border difficulties.

4 Research methods and technical routes

4.1 Research methods

This article adopts a mixed research method, with legal analysis as the focus. First, through legal text analysis, the consumer protection laws of major markets such as the European Union, the United States, and Japan are compared, such as the European Union's Consumer Rights Directive, the United States' product liability system, and Japan's Pharmaceutical Machinery Law. By comparing these regulations together, we can more intuitively see the mandatory requirements of different countries for cross-border cosmetics sales. Secondly, using a case study method, with Mao Geping as the main research object, and referring to brands such as Huaxizi and Perfect Diary, we analyze their specific issues in labeling specifications, return policies, and after-sales disputes. Finally, a scenario simulation method is used to quantitatively evaluate the costs that different compliance measures may bring. For example, how will extending the return period, establishing a localized return center, or introducing a blockchain traceability system affect costs, return rates, and consumer trust? By combining these three methods, we can more comprehensively present the legal challenges faced by Chinese beauty brands in cross-border e-commerce compliance.

4.2 Technical route

The technical route of this study is roughly divided into three stages. The first step is to establish a theoretical framework that combines consumer protection laws, compliance management, and supply chain performance to explain how different legal systems affect cross-border operations. The second step is to collect data by reviewing regulatory documents, analyzing the compliance policies of e-commerce platforms, and brand case studies, so as to cover both legal requirements and actual practices. The third step is to conduct scenario simulations to test different compliance options [5]. For example, how will fully complying with the EU return policy, meeting the US product liability requirements, or strictly implementing Japan's labeling regulations affect corporate costs, legal risks, and market competitiveness? Through such a research design, this article hopes to explore how Chinese beauty brands can find a compliance path that meets legal requirements and takes into account efficiency in a complex global legal environment.

5 Supply chain optimization strategy

5.1 Establish a multi-point overseas warehouse network

To speed up order fulfillment and reduce delays, Mao Geping could establish multiple overseas warehouses in markets such as the EU, the US, and Southeast Asia. Local warehousing not only shortens delivery times but also meets mandatory legal requirements, such as the EU's requirement for sellers to provide prompt refunds. Companies can also partner with third-party warehousing, adopting a "shared warehouse + dedicated inventory" model to reduce costs while maintaining flexibility. From a legal perspective, local warehouses help better enforce return policies and consumer protection regulations, thereby reducing the risk of penalties.

5.2 Establish a multilingual labeling and information disclosure system

Labeling is one of the most sensitive aspects of compliance. In the US, unclear product warnings can lead to legal action. In Japan and South Korea, cosmetics that fail to label ingredients in the local language can face fines or sales restrictions [3]. Therefore, Mao Geping needed to establish a multilingual labeling system that would both meet the legal requirements of each country and enhance product transparency. This approach not only avoids legal disputes but also helps strengthen consumer trust in the brand.

5.3 Integrate compliance into the after-sales service system

Most consumer protection regulations require sellers to provide clear refund and dispute resolution mechanisms. For example, the EU's 14-day return policy is very strict. Mao Geping can establish a localized after-sales team and integrate it with a digital complaint system to ensure that consumer rights are protected. Aligning after-sales policies with legal requirements not only avoids penalties but also improves satisfaction and ratings on the platform, directly impacting brand reputation.

5.4 Using digital tools for compliance

Digital tools can make compliance risk management more efficient. For example, blockchain traceability systems can track product origins and shipping records, providing evidence in the event of disputes [2]. Artificial intelligence systems can monitor regulatory changes in various countries in real time, alerting management to timely operational adjustments. This not only reduces uncertainty but also enables companies to more proactively address compliance issues in the global marketplace.

5.5 Designing a compliance-resilient global supply chain

Supply chain resilience is not only reflected in its ability to withstand logistical shocks but also in its ability to navigate legal differences across different markets. Mao Geping can avoid disputes with suppliers or distributors by diversifying his sourcing and clearly defining legal responsibilities in contracts. Embedding compliance clauses in framework agreements allows for a balanced risk sharing, reducing the likelihood that brands will bear all the responsibility.

6 Conclusion

The core challenge for Chinese beauty brands in cross-border e-commerce lies not only in supply chain efficiency but also in navigating the complex legal landscape of diverse markets. The EU, US, and Japan all have strict regulations regarding return policies, labeling compliance, and product liability, which directly impact a company's operational design and management. For brands like Mao Geping, these regulations present both challenges and opportunities for improvement. Integrating compliance elements into supply chain strategies—such as establishing local return centers, adopting multilingual labeling systems, and clarifying responsibilities through contracts—can effectively mitigate legal risks and enhance consumer trust. Therefore, compliance shouldn't be viewed simply as a cost, but rather as a crucial strategic resource for enhancing a company's legitimacy and competitiveness in global markets.

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