

Analysis of Development Status and Existing Problems of Express Delivery Companies in China

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Abstract:

This paper examines the development of China's express delivery industry in recent years through the analysis of industry data, research reports, and case studies of some express delivery companies. It reveals the current status of the industry and summarizes the development and existing issues of express delivery companies in China. The reasons for these problems are analyzed, and strategies for addressing them are proposed. Furthermore, the paper explores the issues in depth, aiming to stimulate thinking on how to improve management, optimize the market, and promote the regularization and maturation of express delivery companies in China. The ultimate goal is to foster the vigorous development of China's express logistics market.

Keywords:

Express Delivery, Private Enterprises, Management, Develop

1. Introduction

E-commerce has played an increasingly important role in the logistics system in recent years. The distribution link is the most critical process in the entire physical activity for goods to be delivered to customers. Since most of the goods delivered are small batches, multiple varieties, and multiple batches, the complexity of the goods is determined. Saving time in logistics activities means saving money, which requires delivery personnel to quickly find among thousands of goods, required varieties, and complete a series of activities such as sorting, distribution, assembly and delivery as quickly as possible [1]. As for how to complete this critical link, the emergence of e-commerce gives us the best answer.

The rapid development of e-commerce technology not only brings new opportunities to the development of the logistics industry, but also gives logistics a series of new features such as informatization, networking, and intelligence. These characteristics require logistics to develop in a systematic, social and efficient direction. Therefore, traditional logistics technology can only play a greater role if it is closely integrated with modern e-commerce technology [2].

In the era of e-commerce, due to the expansion of corporate sales scope, changes in corporate and commercial sales methods and final consumer purchasing methods, door-to-door delivery and other services have become an extremely important service business, prompting the rise of the logistics industry. The logistics industry is an industry that can provide complete logistics functional services, as well as transportation and distribution, warehousing and storage, sub-packaging, circulation and processing, etc. to collect compensation. It mainly includes warehousing companies, transportation companies, loading and unloading, distribution companies, circulation and processing industries, etc. Informatization, globalization, multi-functionality and first-class service levels have become the goals pursued by logistics companies under e-commerce [3].

At this stage, how to manage express logistics and maintain the order of the industry is the top priority of the express logistics industry. In recent years, with the development of e-commerce, people are accustomed to using the Internet to trade physical goods, and the express logistics industry has entered a cycle of rapid development. Nowadays, China's express logistics industry is developing rapidly and competition is fierce every day. Among them, the competition between state-owned express delivery and private express delivery is more intense [4]. However, the management of state-owned and private express delivery companies has not been standardized. There was an increase in administrative disorganization, missing letters and customer complaints. With the strengthening and diversification of international trade business and the joining of international logistics companies, China's express logistics industry is facing unprecedented development opportunities and challenges [5].

2. Analysis of the Current Situation of China's Express Delivery Industry

2.1. Market structure of express logistics industry

The express delivery industry has developed from an emerging service industry in China to a service industry that people are increasingly familiar with and indispensable in daily life. It is an important part of the modern logistics industry and service trade, and has a significant impact on strengthening international economic cooperation and economic exchanges among various domestic regions [6]. Since the development of China's express delivery industry, it has formed a tripartite situation of state-owned, private and foreign-funded enterprises. Various market entities are engaged in fierce competition in the three market segments of international express delivery, domestic express delivery and intra-city express delivery. According to the corresponding logistics business, the express logistics market can also be subdivided into foreign trade, domestic trade and regional markets. Judging from the distribution of market share, each market entity has its own advantages. In the foreign trade logistics business, foreign-funded enterprises occupy 80% of the high-end international express market, while in the domestic trade logistics business, state-owned enterprises enjoy 70% of the urban market share [7]. International express delivery market share, private enterprises have an absolute advantage in regional logistics.

Although China's e-commerce started late, its development trend is very good. The state and enterprises attach great importance to the development of e-commerce and have made great achievements in e-commerce. The great development of e-commerce

will inevitably lead to the great development of China's logistics. In addition, e-commerce trade has no borders [8]. The Internet can enable two parties on a global scale to conclude transactions in an instant, but the speed of buying and selling still depends on the development of logistics. In the next few years, e-commerce transaction volume will increase dozens of times, and logistics volume will also increase at this rate. E-commerce requires logistics to be informatized and automated [9]. The development of e-commerce requires the informatization of logistics. One of the advantages of e-commerce is that it can ensure instant interaction between enterprises and customers at all levels. Enterprises can communicate with customers on product design, quality, packaging, after-sales service, etc. This requires real-time information support for every functional link in the logistics system. On the basis of informatization, logistics can be automated, thereby greatly improving the efficiency of logistics. E-commerce also requires logistics to implement intelligence to improve the modernization level of logistics [10]. The intelligence of logistics has become a new trend in the development of logistics under e-commerce.

2.2. Increasing express business volume

China's express logistics market is developing very rapidly. While the express delivery industry has greatly accelerated the circulation of goods, it has also stimulated greater demand for express delivery. According to the latest statistics from the State Post Bureau, from January to October 2018, the business volume of express delivery service enterprises above designated size nationwide completed a total of 1.84 billion pieces, a year-on-year increase of 23.7%; the business revenue totaled 46.31 billion yuan, a year-on-year increase of 20.4%.

From January to October 2018, the business income of postal enterprises and express delivery service enterprises above designated size nationwide (excluding the direct operating income of Postal Savings Bank) totaled 105.06 billion yuan, a year-on-year increase of 18.5%; the total business volume totaled 159.87 billion yuan, a year-on-year increase 20.1% [11].

From January to October 2018, intra-city, long-distance, international and Hong Kong, Macao and Taiwan express delivery business revenue accounted for 7.1%, 54.2% and 31.4% of all express delivery revenue respectively; business volume accounted for 22.7%, 71.7% and 5.6% of all express delivery business volume respectively [11].

From January to October 2018, the proportion of express delivery business revenue in the eastern, central and western regions was 81.3%, 9.8% and 8.9% respectively.

2.3. Number and scale of express logistics companies

Currently, there are more than 10,000 express delivery companies nationwide. Among them, the number of private express delivery companies is the largest. At present, there are more than 2,000 private express delivery companies nationwide with about 7,000 branches, mainly concentrated in the Yangtze River Delta, Pearl River Delta and Bohai Rim Economic Circle. Private express delivery companies not only control about 90% of intra-city business, but also account for half of off-site business. Competition with state-owned express delivery companies is becoming increasingly fierce [12]. On September 15, 2018, the development of China's express delivery services ushered in a major turning point. The daily processing volume of express delivery companies above designated size exceeded 10 million pieces,

becoming the third country after the United States and Japan with a daily express delivery volume exceeding 10 million pieces. However, although there are many logistics companies in China, most of them are private enterprises. Its scale is small and its strength is weak. No more than 20 companies have registration costs exceeding 1 million yuan. The combined market share of the top four express delivery companies is less than 50% of the entire market share.

3. Overview of the Three Major Companies in China's Express Delivery Industry

3.1. Establishment of China Postal Express Company

The world's first express delivery company was born in the United States in 1969. Ten years later, China introduced a new service concept and operation model such as express delivery in 1979. Since China began to implement the policy of reform and opening up, China's economy has entered a track of rapid growth and gradually integrated into the world economy. It is from the policy changes in China's economy that international capital has glimpsed the huge business opportunities in the express delivery industry. In 1985, China Post established an express delivery company - China Express Service Company (EMS). Until the first half of the 1990s, EMS was almost the only operator of the domestic express delivery business. However, due to its high price, limited service network and inflexible operating system, the express mail service of the postal service cannot fully undertake the entire business of the express mail service [13].

3.2. The emergence of private express delivery companies

From the late 1980s to the early 1990s, private express delivery emerged in China. The development path of private express delivery was very difficult. The first problem it faced was the shortage of funds. Logistics companies are industries with relatively large capital investment. UPS, FedEx, and OCS each year They all invest billions to expand and improve their services, while private enterprises invest 100,000 or 200,000; secondly, they cannot be on the same level as multinational companies in terms of scale; thirdly, there is a shortage of talents. Many Private express delivery companies grew up in a difficult environment during their establishment period, and their employees generally have low educational levels. The fourth is the shortcomings of private companies themselves, such as irregular operations, insufficient credibility, and limited delivery efforts. But in the face of such great difficulties, private express delivery is still developing rapidly [14].

3.3. The entry of international express logistics companies into China

In the 1980s, all major express delivery companies in the world were optimistic about the Chinese market. International express delivery companies such as DHL, UPS, FedEx, OCS, and Airome successively established cooperative joint ventures or agency relationships with Chinese companies.

4. Problems Existing in China's Express Delivery Companies

4.1. Problems of state-owned enterprises of China Post

- (1) Weak market concept and limited marketing capabilities

After the Posts and Telecommunications branch was decentralized in 1998, China Post began to operate independently. However, China Post is still a government enterprise and has operated as a monopoly under the protection of government policies for a long time, resulting in a lack of market awareness in postal operations. Enterprises rarely consider changes in market demand and user consumption psychology when making decisions, and lack marketing concepts and competition awareness. At the same time, it is precisely due to monopoly operations that leads to market concepts and competition awareness. At the same time, due to its monopoly operation, China Post employees have long been influenced by the group's educational atmosphere and have long relied on government subsidies. Compared with foreign-funded express delivery companies and private express delivery companies, they lack corresponding business skills [15].

(2) Poor information collection and analysis ability

Postal EMS has not paid attention to the collection and analysis of marketing information for a long time, and has not established a relatively complete marketing information system. As a result, the company's internal information is not smooth, and it lacks timely understanding of changes in the external environment. It cannot be flexible in the competition. Take appropriate steps to gain a competitive advantage. In addition, the importance of market segmentation and positioning has not been fully realized. For a long time, EMS has been the leader in the domestic express delivery market, so it has habitually followed the comprehensive blanket coverage of the entire express delivery market. The idea of big and comprehensive has been flooding the business operations. They do not realize that after losing policy protection, it is unrealistic to compete with competitors and gain advantages in all market segments. Moreover, China Post's marketing methods are single.

(3) Unreasonable organizational structure

China Express Service Company is parallel to the post offices of various provinces and cities. It has no direct assessment power over the provincial bureaus and can only provide them with corresponding business guidance. Its functions are similar to functional departments, but unlike functional departments, express service companies also have to complete their own tasks. Develop income plans and profit targets, and accept year-end assessments. The consequences are firstly overlapping organizations and low efficiency; secondly, fragmentation, making it difficult to form economies of scale; thirdly, the span of control is too large and management efficiency is low; thirdly, internal competition is fierce, illegal operations continue to occur, and internal friction occurs among each other, seriously damaging the overall image of EMS.

(4) Lack of service awareness and low overall service quality.

Postal employees' shallow service awareness, backward service methods, and overall poor service levels have become the biggest disadvantages of China Postal Express. Many private companies have irregular working hours. They only need a phone call from the customer to send service personnel to pick up the package and ensure it is delivered to the recipient on time. However, postal express delivery EMS needs to go to the post office for delivery, and the service hours are fixed throughout the day. Coupled with the complex delivery procedures, these have led to the backwardness of postal express delivery services. China Post EMS has been operating as a monopoly for a long time and lacks a sense of competition, resulting in low work

efficiency and weak personnel service awareness, making it difficult to establish a long-term and stable customer base and customer relationships.

4.2. Problems existing in private express delivery companies

(1) Insufficient funds

Logistics and express delivery companies are industries with relatively large capital investment. FedEx, UPS, and DHL invest billions every year to expand and improve their services, while private enterprises almost all invest 100,000 or 200,000, and some small businesses Probably smaller. The lack of funds in private express delivery companies has led to backward technical equipment and facilities. The transportation rate, loading and unloading equipment load rate, storage facility space utilization rate, and express automatic sorting rate are all low. At the same time, insufficient funds are the main reason why it is difficult for private express delivery companies to form a nationwide delivery network and comprehensive transportation capabilities.

(2) Low management level

Because small and medium-sized private express delivery companies are in the establishment or growth stage, they have a serious lack of funds and business management experience, resulting in the company being unable to hire more professional business managers. The company's managers are composed of the founders of the company and are responsible for all management of the company. With the development of enterprises, this will inevitably become a factor restricting the further development of enterprises. The low informatization level of small and medium-sized private express delivery companies is a reflection of low management level. Most small and medium-sized private express delivery companies do not have a unified and centralized information management system and do not have the ability to use modern information technology to process express delivery information. They are unable to provide customers with full online tracking of express shipments and answer customer inquiries at any time in a timely and accurate manner. Information management level and processing methods behind.

(3) The quality of employees is not high

Small and medium-sized private enterprises generally only employ dozens or even more than a dozen employees during their establishment period. Most of these employees have low educational levels and are only responsible for receiving and delivering mail. Most companies do not pay attention to the training of employees, resulting in employees with poor professional skills, weak service awareness, and poor service attitudes. Without material incentives, these employees will become passive, lazy and irresponsible after working for a period of time, causing the company's service level to be low, seriously affecting the company's image and weakening customers' loyalty to the company. In addition, private express delivery companies do not pay enough attention to the education of employees' professional ethics. However, good professional ethics is one of the powerful means of competition for express delivery companies, and it is even a key factor that determines the life or death of the company. Lost, stolen, snatched, late and damaged shipments have led to frequent complaints against private express delivery, and more than 80% of such work errors are caused by low professional ethics.

4.3. Problems faced by international express companies entering China

China's express delivery market has now been fully liberalized, and international express delivery giants have given full play to their own advantages to strengthen investment and step up development of the domestic market. For example, TNT plans to invest hundreds of millions of dollars in the next 10 years and prepares to build its own domestic express network in second- and third-tier cities in China through franchising; DHL plans to set up 10 more branches on the basis of the existing 50 outlets. Company; UPS will implement agency cooperation with Sinotrans in 21 cities; FedEx has also set up outlets in 190 cities and plans to add 100 city branches within 5 years. Therefore, in the future Chinese market, there will be a tripartite situation of international express companies, private and state-owned express companies. This will plunge less mature markets into more intense competition. The growth of some small private express delivery companies is worrying.

5. Analysis of Development Strategies and Prospects of China's Express Delivery Companies

5.1. Countermeasures to improve the development of China Postal Enterprises

China's express delivery industry is still in its infancy. Although it has developed rapidly and made great progress, due to imperfect legal policies, the "threshold" for establishing a logistics company is low. This has led to chaos in the corporate market and the emergence of some phenomena that are harmful to the industry. Therefore, at this stage, the express logistics industry still urgently needs strong support and promotion from government departments to formulate relevant policies to promote and promote the development of the express delivery industry and create a good macro environment for the development of the express delivery industry.

5.2. Strategies to improve the development of private express delivery companies

There are currently a large number of express delivery companies in China, and they are small in scale and have imperfect management. Some companies are trying to gain profits. Engage in some vicious competition. Such as engaging in "price wars", maliciously injuring peer companies, and even soliciting goods in the name of some well-known express delivery companies or brands. Nowadays, enterprises should carry out healthy competition and improve their own scale and management so that the logistics industry can flourish.

At the same time, the government should regulate the market and ban or order rectification of some companies with fake names or poor service levels.

5.3. Strategies to enhance the development of international express delivery companies in China

The main reason for the slow development of private enterprises in China is that the management level is backward and the quality of employees is low. If private enterprises want to develop, they must optimize services. Standardize, streamline and computerize work processes. At the same time, improve the quality of enterprise employees. Take the road of cooperation and expand its own scale.

6. Analysis of the Development Prospects of Express Delivery Companies in China

Express delivery service is a high-quality, high-price service. Customers' price sensitivity is relatively low. If the express delivery company can provide more advantageous services in key service indicators, it will be able to charge higher prices. Therefore, in order to make up for the shortcomings of high costs and leverage its brand advantages, China Postal Express is more suitable to adopt a differentiation strategy in concentrated regional markets.

6.1. Establish a complete information system and establish brand awareness

An important reason for the low management of China's express logistics companies is the lack of information transparency. Some express items have not reached customers for several days or even more than ten days, and customers do not know where their express items have arrived. This will cause customers to lose credibility with the company. Nowadays, if express delivery companies want to develop, they must establish a sound information system to make express information transparent and query functions concrete. Only in this way can we better optimize our own services and improve efficiency.

6.2. Cultivate e-commerce talents and open up new markets

In the new era, e-commerce has become an indispensable part of people's lives. In 2018, China's daily express delivery volume reached 10 million pieces, of which as many as 5 million were sent and received due to e-commerce. Accounting for 50% of the entire express volume. An important reason for the low service performance of express delivery companies is the low quality of employees and the scarcity of professional talents. Therefore, cultivating e-commerce talents and developing e-commerce business is an important part of enterprise development.

7. Conclusions

The express delivery industry is an important part of the world economy and the fastest growing economic sector. With the development of the Internet and e-commerce, whether individual or institutional demand for the express industry is rapidly expanding, China's express industry market potential is huge, to develop the domestic express market as soon as possible, support China's express delivery enterprises, in laws, policies, loans, taxes and other aspects of support and leaning, improve its competitiveness, learn from foreign experience, And formulate more effective relevant laws and policies to promote the development of China's express delivery industry. At the same time, enterprises should standardize their own management and carry out effective and benign industry competition. Only in this way can the whole express delivery industry flourish.

Conflicts of Interest

The author declares that there is no conflict of interest regarding the publication of this article.

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