

# CHAPTER 1

## INTRODUCTION

### 1.1 The research background

#### 1.1.1 Social background

The mature development of the Internet technology produces a variety of possibilities of human life changing. Especially in the field of society, those routes in the Internet environment of e-commerce has changed the business model of human for a long time, and effectively reduced the consumer's purchase cost. At the same time, the wide and comprehensive products category provides consumers with more purchase choices. Besides, the development of global e-commerce is in a full swing, and the industry is becoming a fashionable way of life. As a result, global e-commerce market scale is as high as \$2015 in 22.1 trillion, almost 20 trillion part of B2B, B2C part 2.2 trillion.

Nearly forty years after the reform and opening-up policy, with the steady development of China's national economy, the residents' purchasing power is increasingly powerful. Then it promotes the scale year after year to expand domestic consumption, which makes the development of Chinese e-commerce a immeasurable potential market. With the perfection of China's network and communication infrastructure, and the popularity of electronic consumer products ,such as computers and smart phone, electronic commerce is getting more and more profoundly into People's Daily life, as well as the number of Internet users geometric growth. In the social and economic environment, China's e-commerce, driven by the development speed and advanced development scale of e-commerce enterprises such as Alibaba, Jingdong Mall, Su Ningyi purchase, becomes a national concern of emerging industries. Meanwhile, it is becoming more and more powerful and pervasive in the national economy.

According to the latest data released by the China Internet Network Information Center (CNNIC), the number of Internet users in China was more than 700 million in 2016, which was equal to the intelligent mobile phone users; according to the data of Chinese e-commerce research center, the total size of China e-commerce reached 20 trillion yuan, nearly 4 trillion online shopping scale. A growth of 36% over the same period last year, more than the total retail sales of social consumer goods accounted for 10%; direct employees in 2015 China e-commerce industry reached about 2.7 million, with about 20 million jobs, employment in the electronic commerce between society as a whole. China's e-commerce scale ranks first in the world.

After a long struggle and competition, Chinese e-commerce competition in the market environment has been basically stable: Alibaba as a pioneer in the development of electronic commerce in Chinese, can not be shaken in the B2B, B2C and C2C in the field of electricity supplier field; the Jingdong store, dangdang.com and jumei.com proprietary B2C business platform development rapidly. In addition to compete in the industry segments and platform operators Tmall mall, the tide of e-commerce to stimulate the operators of traditional industries, to respond to market changes, the traditional areas of business are the implementation of e-business strategy in different extent. But for the general market, in the form of more open flagship stores in the market quite influential business platform, there are companies such as COFCO self built platform. However, self built platform to generate business risk, and subject to the operation team, logistics distribution and user experience and other restrictions, the implementation effect of fierce competition in electric just passable, many mature business platform in annihilation. In recent years, asset light heavy marketing type enterprise's achievements in the development of electronic commerce, with millet, HUAWEI glory, LETV brands such as the most representative, such enterprises from product sale network channels of influence is growing stronger, in the segmentation process in the industry gradually eroded the market share of

Alibaba, the e-commerce platform operators more diverse. In the past five years, the O2O model of e-commerce in the market after A new force suddenly rises., melee began to enter the stage of rational development, is to change the traditional consumption industry especially in the food service industry rules of survival, location of the formation of online orders, the first line of consumption is nearly based on electronic commerce mode, has become the traditional offline consumption in the end the extension and optimization of the network, the electronic commerce to cover all aspects of consumers' lives.

But by the Chinese economic structure and industrial structure, unbalanced development, the development of electronic commerce Chinese is not balanced, as follows: first, the imbalance in regional development, Chinese e-commerce enterprises located in economically developed provinces, the Yangtze River Delta and Pearl River Delta is most concentrated in inland areas is less; second, the product category is more concentrated the main current network shopping main product category for life appliances, cosmetics, electronic products, clothing, books, dried fruit snacks; third, the narrow coverage of industrial production: industrial electricity supplier is deepening, competition, and agricultural electricity began to be valued, but the business model in the exploration period; service industry electricity supplier is in the wild growth period; three is the consumer groups mainly concentrated in the urban areas, the scale of rural consumer groups overall smaller but growing rapidly. The development of the electricity supplier still dominated by the city, the county and the following market grew.

The current China social environment, network consumption pattern has become a variety of conventional channels, and caused the subversion of the traditional channels, and the impact of the old in the strengthening and deepening of the process; in the industry legislation, taxation, industrial planning and facilities level of government departments at all levels, and actively provide favorable policy support for network marketing enterprises, to encourage and stimulate the development of the

industry; at the same time, China compared with the mature IT industry for the development of online shopping provides multiple technical solutions; rapid development of the logistics industry of efficient and convenient operation support; means of payment standard and mature established fast channel of capital circulation; financing channels and diversified pattern of a certain extent to meet the financial needs of the development of various industries; Industrial Park, incubators and other platforms to provide adequate reserve funds for the development of online shopping Source. All these factors make the development of e-commerce in China in the context of long-term favorable social. And with the innovation and change of spontaneous industry, showing a trend of diversification of the new state of development: one is the operation area, mainly to meet the market needs of distribution, meet more discerning consumer demand and market competition, in order to improve the distribution efficiency, user experience as the goal, to establish the distributed storage and distribution system covering the whole target market; two is the whole industry, the development of electronic commerce to the traditional category breakthrough limit, tentacles began to extend to all walks of life, agriculture, industry and service industry without exception be covered, e-commerce has become almost all industries in the normalization to actively participate in the commercial form; the three is a model of multiple samples, from the initial single B2B, C2C began to evolve into the current B2B, C2C, B2C., B2B2C, O2O, C2B and other models, extending from the PC to the mobile terminal, the same When the model has also been refined; four is the channel sink, industrial products and agricultural products, the implementation of the uplink downlink convection situation by the electricity supplier, the county and below the rural market has gradually become a new field for the development of electronic commerce. Five cross-border electricity supplier is a unified global resources, expand the extension of Chinese electronic, electronic commerce and promote the Chinese coupled global electronic commerce; the six is mobile development, thanks to the popularity of intelligent mobile phone,

tablet computer and other consumer electronic products, mobile orders become the new consumer e-commerce model.

### **1.1.2 The industry background**

Since the beginning of world war ii, the complete system and standardization of Logistics is increasing. Globally, the logistics industry has the irreplaceable role. With the globalization of manufacturing division of macro layout coordination, it becomes the missing link connection industry chain upstream and downstream. In the developed countries and regions, the intensive degree of logistics industry and standardization degree are higher, especially the traceability management of the supply chain distribution center in the United States, Japan, Europe, etc. For developing countries, infrastructure and logistics technology lag seriously, which restricts the intensive development of logistics industry. And the industry overall resource utilization is not high.

In the development of e-commerce, the logistics is the core problem which is unable to avoid. Logistics efficiency to a great extent restricts the deepening development of e-commerce. At the same time, e-commerce and logistics development have brought the breakthrough opportunity and proposed the new challenge. Besides, China's e-commerce industry provides more than 80% of the packages for logistics industry express enterprise, and makes the current China's express delivery industry, more like e-commerce industry supporting industries. Most importantly, the continuing growth of e-commerce and the development of logistics demand also bring the huge market return for logistics enterprises, especially the Courier companies.

Because the logistics almost runs through market transactions especially the whole process of barter, to accommodate the goods flow, information flow and capital flow factors, in the current market environment, has become the main part of electronic commerce. Bear on the commodity transportation, storage, sorting, packaging, distribution and installation, as well as the collection of funds and other

major nodes. Logistics is connected with businesses and consumers, in fact, the quality of the process directly determines the user experience of network consumers, thereby restricting the operation efficiency of e-commerce platform. E-commerce has brought new challenges to the logistics, e-commerce logistics and logistics in the traditional sense of the logistics is very different, more demanding. In the traditional sense, the logistics is mainly based on the goods transportation, the demand is more concentrated, the operating process is extensive and the process is solidified. But under the environment of e-commerce logistics, not only in the business to complete the distribution function of consumers, but also the need to achieve the raw materials supplier to businesses from the macro supply angle, and to integrate the goods in different forms of transportation, storage, packaging, sorting and other basic data, to provide comprehensive logistics services for traceability the final consumers, to meet consumer demand.

In order to meet the needs of the development of electronic commerce, the current development of two kinds of logistics distribution mode: one is from the traditional logistics industry developed specialized distribution enterprises to provide consumers with specialized in small package delivery as the main business of the Distribution Services Ltd; the other is a network marketing platform of its own services in distribution system. Specialization of the third party distribution is the global network of e-commerce market, the distribution of power. The United States is entirely by the network of third party distribution companies such as UPS, FedEx, etc., to complete the e-commerce platform without the tradition of self logistics. In China many logistics service providers of electronic commerce, with "four up" (Tact, Shen Tong, Tong, Hui Tong, rhyme and SF) as the representative. Among them, the "four up" due to its low price and wide coverage of the advantages of network marketing by operators, businesses of all ages, become the main distribution model, especially in Taobao, Tmall shopping platform, one of four links is the distribution service provider operators the most common. However, due to differences in the internal management,

cost control, market positioning and other factors of the third party distribution companies, the speed of the "four links and one up" is relatively insufficient. Compared with the "four up", more high-end positioning of the SF express, charges the highest, but the fastest delivery. Along with the network of consumers for the quality, delivery time, more and more market influence SF Express online shopping participants favored. As of now, the national third party logistics enterprises, one of four links and SF as the representative, has established a wide distribution of distribution network, the formation of a multi-level storage, transport, sorting and distribution system, to meet the basic needs of the current network shopping environment.

Self built logistics is also the e-commerce platform operation enterprises to improve the quality of integrated services, expand the value chain logistics distribution. However, in the strict sense, the platform of self built logistics and distribution enterprises. The core of its logistics system is the order processing of its own platform. To establish their own logistics distribution mechanism in Chinese suning.com, Jingdong, vip.com B2C online shopping platform, among which the most competitive Jingdong.

Compared with the third party logistics and distribution, self logistics distribution system has strong autonomy and timeliness, but the cost is high, the operation risk is bigger. Due to the self distribution system to the main business of the online shopping platform as the core, around the platform users, target market, product range of business, there are some differences in the business process and the third party distribution. B2C online shopping platform and distribution of its own power, usually in the main target market nearby established distribution center warehouse integration, the logistics distribution process has been simplified, eliminating the third party distribution enterprise package collection process, according to the platform order data organization products sorting; distribution in the stage of product delivery, high working efficiency. Route logistics, warehouse

distribution center for many different places of mass transfer goods or a supplier is picking, generally by the socialization of logistics or product suppliers; direct delivery personnel recruitment, unified management. The logistics distribution mode, plays a decisive role in optimizing the business demand of online shopping platform for the construction of the logistics process, so the comprehensive distribution, high efficiency, business process closely connected with the development of the platform, and constantly improve.

## **1.2 Research significance**

### **1.2.1 Theoretical significance**

In the development and mature process of logistics industry, academic research has focused on the logistics pattern research, technology, or in the field of supply chain management. And its research angle of view is based on the industry or focus on a particular field. For strategic management research of logistics enterprise, it gives priority to the logistics strategy implementation of enterprise. Because the size and quantity of the specialized third-party logistics company's market remains to be improved, the third party logistics enterprise strategic management research is relatively insufficient. This is a common problem in the current logistics enterprise strategic management.

Since e-commerce flourished, logistics industry has been in the long-term adjustment and resource integration process. Therefore, based on the perspective of e-commerce era, from the electronic commerce to the requirement of the development of logistics enterprises, we can explore the logistics enterprise strategic management. At the same time, we can comb the corresponding management content for strategic management of logistics enterprises in e-commerce environment.

### **1.2.2 The practical significance**

Based on above analysis, the development prospect of logistics enterprises in e-commerce environment is very broad. But the e-commerce logistics enterprise

strategic management in the complex background is bound to face challenges, such as growth direction adjustment, the core competitiveness, flexible strategy and competition strategy adjustment. (Chapter 4 Section 2)

To this, this paper takes the Chinese e-commerce environment as the breakthrough point, and analyzes the current situation of logistics enterprise strategy management one by one. Combined with the current China's logistics industry resources and related supporting industries, especially the development of information technology industry, we put forward some practical suggestions about the formulation, implementation, adjustment and evaluation of China's logistics enterprise development strategy.

### **1.3 Research scope**

This paper research scope is divided into two parts:

1.Theoretical research. From the concept of strategic management, we gradually narrowed. Then we start with the logistics industry as constraint conditions, and get the contents and key points of logistics enterprise strategic management. Next, compound to e-commerce logistics demand characteristics as constraint conditions, we further discuss the challenges and focus of the logistics enterprise strategic management. Besides, the scope of the research contents of this section is limited to strategic management, logistics management, and e-commerce theory.

2. Case study. In the Chinese logistics market, we select logistics enterprises, which is quick response to China's e-commerce industry development. And we do some empirical research about the development history, strategy implementation and strategic management process. This section of the research scope is limited to the content of the selected market environment, resources, capabilities, the development of the enterprise.

