
Research on the Development of China's Express Industry Under the Background of E-commerce

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Abstract: Express industry is an emerging industry in China, and it is one of the fastest growing industries. In recent years, the coordinated development of express industry and e-commerce becomes more and more highlighted. However, China's express industry still faces many problems of development under the background of e-commerce. Firstly, this paper analyzes the current development of e-commerce and express industry. Secondly, the paper explores the existing problems of the express industry under the background of e-commerce. Thirdly, the paper puts forward some reasonable suggestions on the development of express industry. This paper aims to promoting the coordinated development of China's express industry and e-commerce efficiently.

Keywords: Express Industry, E-commerce, Coordinate Development

1. Introduction

In recent years, the development of e-commerce in china is in a high speed. According to the statistics data from the National Bureau of Statistics of the People's Republic of China (NBS) said on January 19th, 2016. In 2015, the total retail sales of consumer goods reached 30.09 trillion yuan, up by 10.7 percent year-on-year. The national online retail sales of goods reached 3.88 trillion yuan, up by 33.3 percent year-on-year, of which, the national online retail sales of physical goods reached 3.24 trillion yuan. [1] By analyzing these data, we can know that the online retail sales of physical goods accounted for 83.5 percent of the national online retail sales of goods and services, and accounted for 10.8 percent of the total retail sales of consumer good. The last and the most significant, most of the online retail sales of physical goods are distributed by express.

In addition, according to the statistics data from State Post Bureau of the People's Republic of China, express business income increased 3.8 times in the past five years. In 2015, express business income reached 277 billion. [2] Moreover, the 2015 Express Market Annual Report provides a truth that more than 60 percent of express business income comes from e-commerce.

From above analysis, it is easy to know promoting the

coordinated development of express industry and e-commerce will have great contribution to China's economic development.

2. The Development of E-commerce and Express Industry

2.1. The Development of E-commerce

Electronic commerce, commonly written as e-commerce, is the trading or facilitation of trading in products or services using computer networks, such as the Internet or online social networks. [3] E-commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange, inventory management systems, and automated data collection systems.

In recent years, China's e-commerce market continues to grow, from 2010 to 2015, The income of e-commerce changed from 4.5 trillion to 16.2 trillion, increased nearly 2.6 times. [4] The national sales of China's e-commerce market, as shown in the figure 1. And the national sales of China's e-commerce to GDP, as shown in the figure 2.

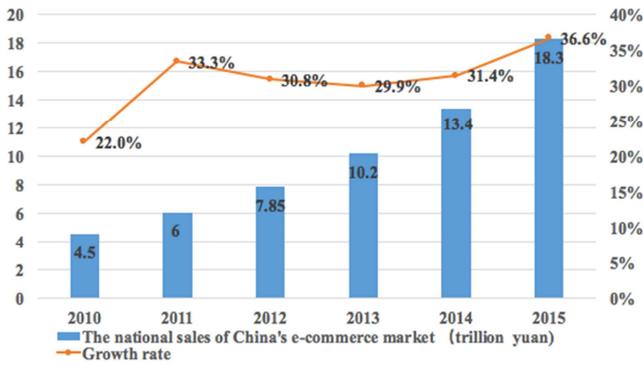


Figure 1. The national sales of China's e-commerce market.

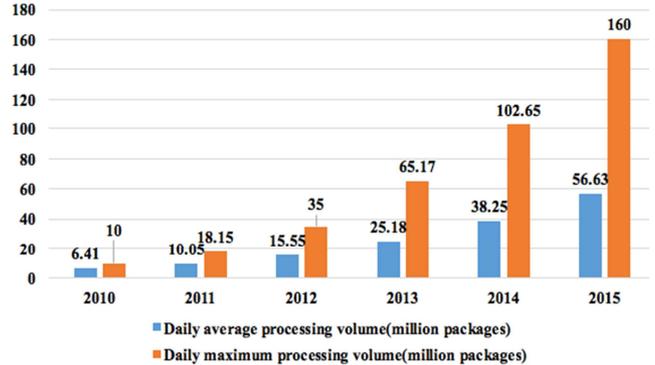


Figure 4. Daily average processing volume and daily maximum processing volume of express in China.

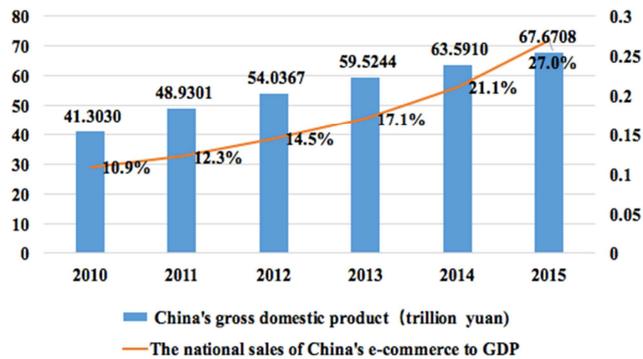


Figure 2. The national sales of China's e-commerce to GDP.

2.2. The Development of Express Industry

2.2.1. The Business Volume of Express Services

In 2015, China's express industry continues to rise. The business volume of express service was the world's first, reached to 20.67 billion packages. Express industry becomes a new industry in China. The frequency of use of express increases significantly, it closes to the level of moderately developed countries. According to the statistics data from the National Bureau of Statistics of the People's Republic, the changes of business volume of express services in nearly six years can be drew into figure 3 and figure 4.

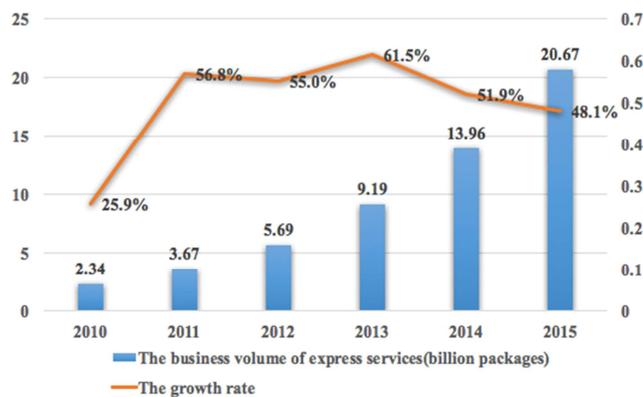


Figure 3. The business volume of express services in China.

2.2.2. The Business Income of Express Services

The business income of express services keeps high rate of growth. In 2015, The business income of express services reached 276.96 billion yuan, up to 35.4 percent year-on-year. The growth rate of business income of express services was 7 times of the growth rate of GDP that in the same period of time.

According to the statistics data from the National Bureau of Statistics of the People's Republic, the changes of business income of express services in nearly six years can be drew into figure 5 and figure 6.

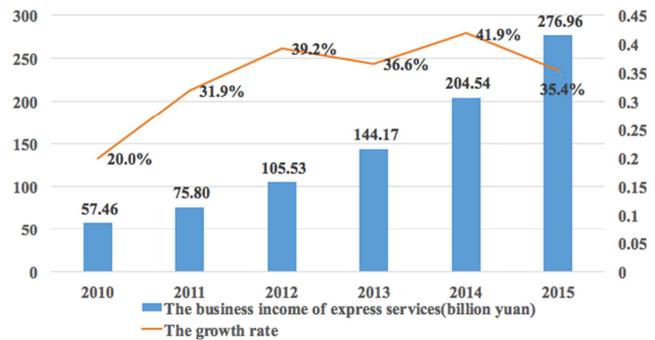


Figure 5. The business income of express services in China.

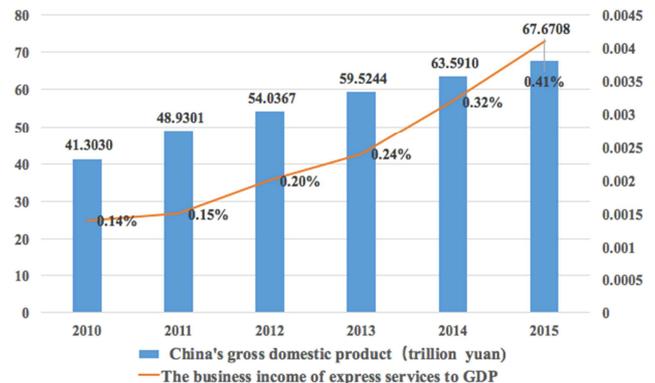


Figure 6. The business income of express services to GDP.

3. The Existing Problems of the Express Industry Under the Background of E-commerce

3.1. The Self-Quality Problems of Express Industry

3.1.1. The Service of Express Enterprises Is Uneven in Quality

In recent years, the service capabilities of express enterprises have been greatly improved. However, there is uneven in quality of express enterprises' service. According to data which was reflected by the Consumer Complaint Center of State Post Bureau of the People's Republic of China, the total number of complains of express industry was 234

thousand packages, of the total core enterprises, the lowest complaint rate was 4.6 packages per millions, the highest complaint rate was 62.9 packages per millions, that is to say, the service of the best core express supplier is higher than the worst core express supplier nearly 16 times. [2] Express enterprises' service is uneven in quality usually makes the express market difficult to manage.

3.1.2. Inappropriate Express Service

China's express industry started late, the level of service is not high, the delivery delay and other service issues often arise. According to data which was reflected by the Consumer Complaint Center of State Post Bureau of the People's Republic of China, the main problems and the number of complains of express industry can be listed as in the table 1.

Table 1. The main issues and the number of complains of express industry.

Year	Sum (packages)	Delivery delay (packages)	Issues of delivery (packages)	Missing goods or shortage (packages)	Damage or destruction (packages)	Issues of payment collection (packages)	Illegal charges (packages)	Issues of sending (packages)	Other issues (packages)
2013	196046	85164	57412	30921	12562	2046	1691	800	450
2014	234697	82988	82188	40679	15551	2075	1781	7969	1466
2015	275614	86227	103666	52559	20088	1695	2191	7988	1200

3.1.3. Existing Poor Management Phenomenon in Express Market

The management of China's express enterprises includes two main modes: direct mode and franchise mode. At present, the direct mode is only used by SF and ZJS, the other express enterprises usually use the franchise mode. However, In the franchise mode, the management becomes more difficult, especially in the situation of shortage of orders or offices are located in remote areas. As everybody knows, if the management is inefficient, it is hard to provide the perfect express service.

3.1.4. The Comprehensive Quality of the Staff Is Generally Low

Express industry belongs to the labor-intensive industries, as is known to all, the requirements of comprehensive quality of the staff is not high during the initial stage of the express enterprises establishment. But today, with the development of e-commerce and the high service requirements of people, because of the not strong service consciousness of staff, causing 57412 complaints in 2013, accounting for more than 29.3% of all valid complaints. The low comprehensive quality of the staff is seriously preventing the healthy development of the express industry.

3.2. The Coordinated Problems of E-commerce and Express Industry

3.2.1. Asymmetric Information of E-commerce and Express Industry

In economics, information asymmetry deals with the study of decisions in transactions where one party has more or better information than the other. This creates an imbalance of power in transactions, which can sometimes cause the transactions to go awry, a kind of market failure in the worst case. The

asymmetric information of e-commerce and express industry is one of the most serious problems preventing the healthy development of the express industry under the Background of E-commerce.

3.2.2. The Sending Packages and Receiving Packages Differ Greatly in Regions

The regions of sending packages are concentrated, and the regions of receiving packages are separate. The development of the network depends on the development of regional economy, regional economy more developed, the more the number of network operators. At present, the domestic e-businessmen are concentrated in the Yangtze River Delta, Pearl River Delta and Ring Bohai Economic Circle, but the regional distributions of the receiving parties are irregular. For example, Taobao, more than 70% of its sellers concentrated in Beijing, Shanghai and other first tier cities and economically developed areas, but the buyers are scattered throughout the country, which is dominated by second-tier and third-tier cities, up to 70% or more. [5] Due to the sending packages and receiving packages differ greatly in regions, which usually increases the operating costs and delivery difficulties of express.

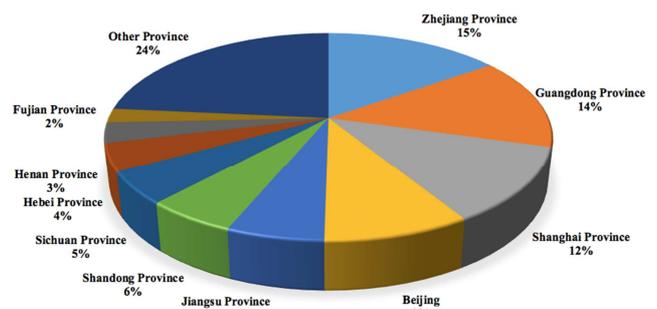


Figure 7. The regional distribution of e-commerce service enterprises.

3.2.3. The Express Service Demanded of E-commerce Enterprises is Rather Concentrated

In the shopping Carnival festival such as "Double 11", "Double 12" and so on, express service demanded of e-commerce enterprises increases sharply. One one hand, the e-commerce enterprises fail to deliver the cargo to express enterprises, which might affect the express service. One the other hand, express enterprises often generate the warehouse explosion phenomenon, which seriously impact on the consumer's intention to purchase and shopping satisfaction. For example, the processing volume of express business during the period of "Double 11" festival is pretty enormous, which created a development opportunity for express industry, meanwhile, brought a big challenge and Crucible to express service. [6] The processing volume of express business during the period of "Double 11" festival (On November 11-16) in China is shown in figure 8.

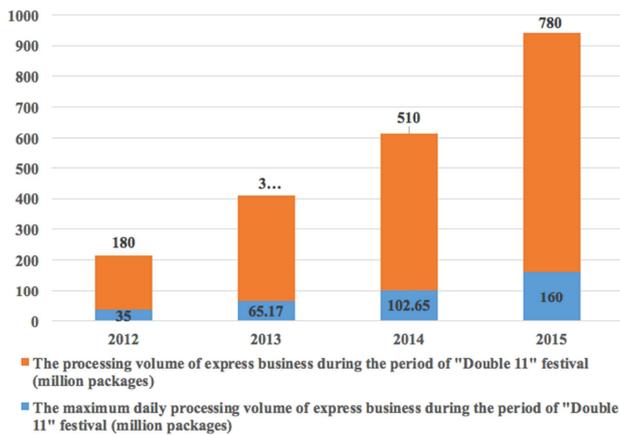


Figure 8. The processing volume of express business during the period of "Double 11" festival (On November 11-16) in China.

3.2.4. The Express Industry over Reliance on the E-commerce

In 2015, more than 60 percent of express business income comes from e-commerce. [7] As is known to everyone, in order to increase sales, e-commerce enterprises often launch low sales promotion or package mail activities. At the same time, to ensure a certain profit, e-commerce enterprises often depress express delivery fee (express fee of single ticket for 5-8 yuan). In order to get more business volume of express in the fierce competition market, Express enterprises can only agree to the very low express fee of e-commerce enterprises. On one hand, the express enterprises must to reduce the costs to maintain the operation. On the other hand, express enterprises have no extra capital to provide value-added services. The competition of low express fee is not conducive to the development of express enterprises and the creation of core competitiveness.

4. Suggestions on the Development of Express Industry

Thanks to the rapid development of e-commerce, China's express industry develops rapidly, the business models

continue to innovate, and the service capacity has much improved. To solve the existing problems of express industry under the background of e-commerce will promote the efficient development of the national economy. There are some suggestions on the development of express.

4.1. To Optimize the Development Environment of Express Industry

Market environment is the carrier of express enterprises and business models. As is known to us, the positive environment is conducive to the development of express industry and other related industries. the negative environment always prevents the healthy development of express industry. Therefore, if we want to effectively use the invisible hand of the market, we should try our best to optimize the development environment of express industry that under the background of e-commerce. [8]

4.1.1. To Improve the Infrastructure of Express Industry

The infrastructure of express industry includes the construction of transport road, operating equipment, warehouse, sorting center, park of express, distribution network and so on.

4.1.2. To Improve the Law and Regulation System of Express Industry

The regulations of express (Draft of public opinion) has solicited the public opinion since from November 2015. This measure tries to improve the development environment of express industry by the administrative regulations.

4.2. To Improve the Service Performance of Express Industry

The express industry belongs to service industry. The essential function of express industry is to realize the service target of "3R": courier should delivery the right package to the right customer on the right time. High or low level of service decides the competitiveness of express enterprises and the possible of its development. Therefore, express enterprises should try their best to improve the service performance. [9]

4.2.1. To Promote Service Capability of Express Industry by Sticking to Reformation and Innovation

These years, the rapid development of China's express industry, greatly promoted the economic development, social progress and people's livelihood. We should stick the basic principles of "market-oriented, security is the foundation, innovation is the driving force, collaborative development" during the period of the 13th five-year planning. Only in the way of reformation and innovation can the express industry realize the sustainable development goals.

4.2.2. To Provide Guaranteed Service in the Peak Season

Make best used of the advantage of information-sharing platform which link the e-commerce and express industry together, in spite the condition of the business surging quickly or in the peak season, such as "Double 11" festival and "Double 12" festival, to provide guaranteed service for the customers. The guaranteed service includes the whole express

network is not paralyzed, service quality is not reduced, the important warehouse can be used normally and so on.

4.3. To Improve the Market Supervision and Management of Express Industry

4.3.1. To Improve the Supervision Mechanism

One one hand, we must establish an independent regulatory body, reconstruction regulatory system; establish a sound scientific and effective monitoring methods, standardize pricing mechanism. On the other hand, we need to establish a high-level, domestic, international express industrial regulatory mechanism to coordinate domestic and international express industrial supervision.

4.3.2. To Strengthen the Development Guidance of Express Market

At present, there is many existing issues in the development of express, the service that provided by express enterprises is uneven in quality. Therefore, the related managerial institutions and industrial association should play more positive promoting and guiding roles in creating the development opportunities of express industry.

4.3.3. To Strengthen the Development of Human Resources

Human resources are the most precious wealth to promote development of the express industry. The industrial-academic-research cooperation has greatly promoted the development of the e-commerce and express industry. if the correct use of professional knowledge and techniques, the professional quality of employees will greatly improve the efficiency of express business. [10]

5. Conclusions

According to the development characteristics of e-commerce and express industry, this paper analyzed the data about them at first. Then, the study tried to explore the existing problems of the express industry that under the background of e-commerce. And then, it put forward some suggestions on the healthy and sustainable development of express industry. The paper is trying to meet the aims of promoting the coordinated development of China's express industry and e-commerce efficiently. However, this research is in the early stages of the e-commerce and express industry, the follow-up will be more

in-depth explored.

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