

Strategic Environment Analysis of Logistics Enterprise based on SWOT-PEST- Michael Porter's Five Forces Model

-- Taking SF Express as an Example

Yongfu Huang

Guangdong Polytechnic College, Zhaoqing 526114, Guangdong, China

276054168@qq.com

Abstract. Taking the strategic environment analysis of logistics enterprises as the research object, This paper comprehensively uses SWOT model, PEST model as well as Porter's five-forces model as the main research methods, take SF Express as an example to analyze the strategic environment of logistics enterprises, it has certain reference significance for helping the logistics enterprises in reality conduct strategic environmental analysis..

Keywords: SWOT model; PEST model; Porter's five-force model; logistics enterprise; strategic environment analysis; SF Express.

1. Introduction

At present, the competition of logistics industry is becoming fiercer, as a logistics enterprise, it is particularly important to formulate an enterprise strategy suitable for its own development, before the strategy is formulated, the logistics enterprise must analyze the internal and external environment of the enterprise in detail, conducting strategic environment analysis of logistics enterprise helps logistics enterprise to understand the situation, and conduct scientific and rational strategic planning and deployment of enterprise development. SF Express as the most typical representative of Chinese logistics enterprise, it is necessary to conduct in-depth strategic environmental analysis, make SF continue to develop in a fiercely competitive market.

2. Analysis of Strategic Environment

Strategic environmental analysis is an important part of enterprise strategic management, which is also a prerequisite for enterprises to formulate strategies, it is comprehensive analysis of internal and external environment of enterprises, clear advantages and disadvantages risks and opportunities, and formulate scientific and rational enterprise development direction and adopt correct means and measures. The purpose of strategic environmental analysis is to look forward to the future development of the enterprise from a long-term perspective. It is the basis for the enterprise to formulate strategies. Each enterprise is in a specific environment, the strategy is based on the environment in which the enterprise is located, and it is mainly expected to achieve a scientific and rational dynamic balance between the development direction of the enterprise and the environment of enterprise and enterprise capabilities. The contents of strategic environmental analysis generally include: macro environmental analysis, industry environmental analysis and internal environmental analysis. The methods of strategic environmental analysis generally include: SWOT analysis, PEST analysis and Porter's five forces analysis method. Here, Taking the SF Express, a typical enterprise in the logistics industry, as an example, this paper analyzes its strategic environment.

3. Analysis of Macro Environment

The macro environment is the environment in which the enterprise is located, including the political environment, the legal environment, the economic environment, the technical environment, and the cultural environment. Analysis of the macro environment in which an enterprise is located is usually using the PEST analysis model (shown in Fig.1), which is an effective method used by strategic consultants to help enterprise analyze their external macro environment. The macro

environment is also called the general environment, including various macro forces that affect the entire industry and enterprises. The macro environment is analyzed. For different industries and enterprises, it is necessary to develop according to their own characteristics and business needs. The specific content of the analysis will also be different. However, they generally include the political environment, the legal environment, the economic environment, the technical environment, and the cultural environment.

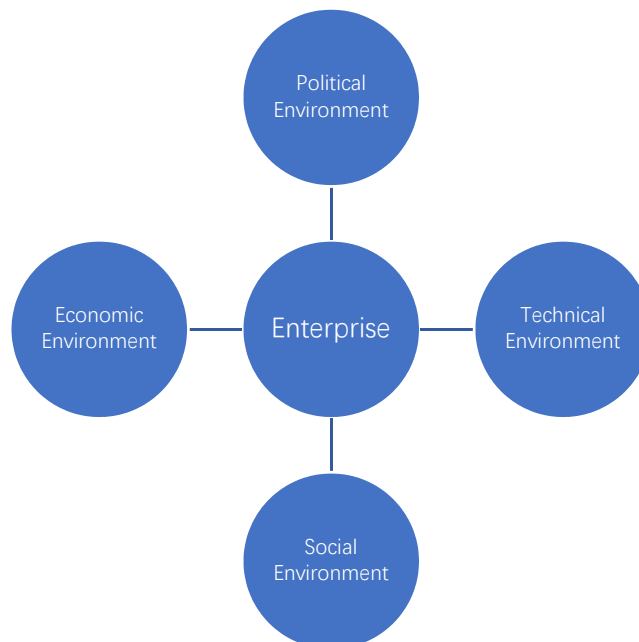


Fig.1.PEST analysis model

(1) Analysis of political environment

The political environment is the political forces that restrict and influence the development of the enterprise, including the stability of the political situation, the social system, the political structure, the continuity and stability of government policies, and the policy orientation and degree of control over the enterprise, political stability is the foundation of economic development, the political environment of a country directly affects the development strategy and management decisions of enterprises. SF Express is in a good environment of political stability, peace and harmony, which is the most powerful guarantee for the development of enterprises.

(2) Analysis of legal environment

The legal environment is the laws and regulations formulated by the state and the structure of the state law enforcement agencies. The improvement of the law and the degree of law enforcement directly affect the stability of the social environment, and thus affect the entire social economic order and investment environment. The impact of law on enterprises lies in the fact that on the one hand, the law protects the legitimate rights enjoyed by enterprises, on the other hand, it restricts the business operations of enterprises, and requires enterprises to engage in production and business activities under the preconditions of complying with national laws and regulations. The perfection of the legal system of a country or region is crucial to the development of logistics enterprises. Now China has a good legal system, which enables enterprise such as SF Express to be engaged in logistics operations in a good legal environment.

(3) Analysis of economic environment

The economic environment is the level of national economic development of the country in which the enterprise is located, the national economic policy, the domestic and international economic situation and development trends. The economic environment analysis mainly includes economic growth rate analysis, economic proportional relationship analysis, economic development periodic analysis, consumer market analysis, monetary policy and fiscal policy analysis. SF Express is in a favorable economic environment. China's stable economic development, monetary policy and fiscal

policy are very conducive to the development of enterprises. In the era of e-commerce, China's consumer market has generated huge logistics demand.

(4) Analysis of technical environment

The technical environment is environmental factors such as the development level and development trend of the entire social science and technology. The key factors include the national science and technology policy, the technical environment in which the enterprise is located, research and development capabilities, funding support policies, and the protection and application of new technologies. The technologies that have a relatively large impact on the logistics system include transportation technology, warehousing technology, packaging technology, distribution technology, and logistics information processing technology. The technical environment of SF Express is generally good; various logistics technologies have been widely used in various logistics enterprises in China, the state has a relatively strong support for the development and application of logistics technology.

(5) Analysis of cultural environment

The cultural environment is the social and cultural development level, including cultural development, social structure, social customs, cultural heritage, values, management ideas and business ideas. China has a long history of culture, profound cultural heritage and rich cultural development. Different regions have formed certain customs and habits. The overall values of residents are positive and positive. They have a good social and cultural environment for enterprise development; the society is open and supportive to logistics companies such as SF Express.

4. Analysis of Industry Environment

The industry environment is a direct influencing factor for the survival and development of an enterprise, the industry environment generally includes: the development stage of the industry, the overall market size and development trend of the industry, the barriers to entry into the industry, the number and concentration of upstream suppliers in the industry, and downstream enterprises in the industry, and basic characteristics of consumers. The commonly used method for industry environmental analysis is the Porter's Five Force model (as shown in Fig.2), which has a profound impact on enterprise strategy formulation. Based on competitive strategy analysis, this model can effectively analyze the market competition environment, the Porter's Five Force model mainly analyzes the competitiveness of industry competitors, the ability of potential competitors to enter, the substitution ability of substitutes, the bargaining power of suppliers and the bargaining power of buyers, the changes in the different combinations of these five forces will ultimately affect industry competition and profits.

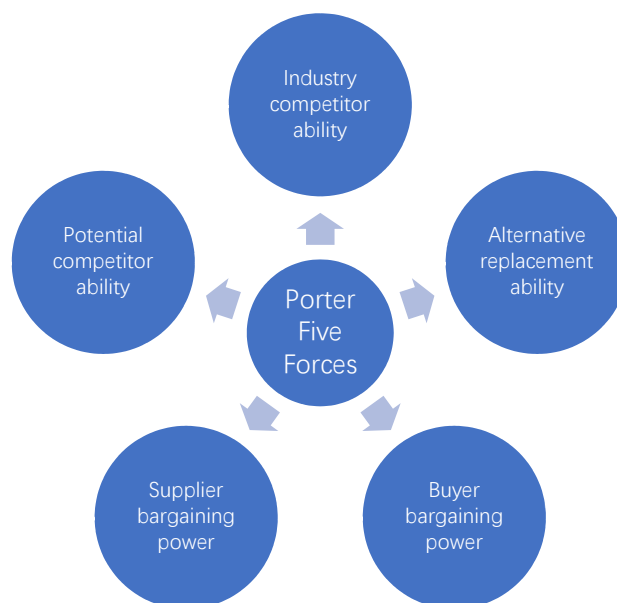


Fig.2.Michael Porter's Five Forces Model

(1) Analysis of the competitiveness of industry competitors

At present, China's logistics industry is a fiercely competitive industry, and SF Express faces competition from many industry competitors. There is a subtle relationship between SF Express and many industry competitors; the huge logistics market in China is not supported by several logistics enterprise, the market needs many logistics enterprises to meet the requirements of social and economic development. SF and many competitors together constitute the logistics industry needed to support China's social economy. However, in many respects, these numerous logistics enterprise will compete fiercely with SF Express. At present, SF Express is basically at the level of the first echelon logistics enterprise, but on the market. Competitors such as Jingdong Logistics and Green hand Logistics have strong competitiveness.

(2) Analysis of potential competitors' ability

SF Express mainly deals in mid-to-high end logistics products, and has great advantages in logistics speed and quality. At present, the mid-end logistics market is becoming increasingly saturated. Many operators in the mid-end logistics market are targeting the mid-to-high end market. SF Express faces the pressure and threat of many potential competitors. Logistics enterprise such as Yuantong, Shentong, Zhongtong, Huitong, Yunda, and Debang have launched high-end products with faster speed and better service, try to compete for high profit mid-to-high end logistics market, and these competitors have power in comprehensive enterprise capabilities, logistics technology capabilities, and distribution of logistics store..

(3) Analysis of alternative ability of substitute

The main business of SF Express is the high-end logistics products in the logistics market, its main substitutes are the original mid-end products of the logistics enterprises such as Yuantong, Shentong, Zhongtong, Huitong, Yunda and Debang. These alternatives still have a certain gap with SF in speed and service quality, but the gap is gradually narrowing compared with the previous ones, the competitors continue to improve the logistics speed while continuously improving the quality of logistics services, Compared with SF Express, the substitute have advantages in price, and the substitution ability of substitutes is relatively strong.

(4) Analysis of supplier bargaining power

The suppliers of SF express are mainly various suppliers provide logistics facilities and equipment, logistics information system, logistics operation scheme, logistics technology and logistics operation site. After years of development, SF Express has grown into a large-scale enterprise with more than 90 billion RMB annual turnover, after years of dedicated management and strategic layout, it has become a strong logistics enterprise, in the process of cooperation with suppliers, and SF Express basically occupies a more favorable position.

(5) Analysis of buyers' bargaining power

China's logistics market is very large, and there are many buyers. There is also a large demand for mid-to-high end logistics products provided by enterprise such as SF Express. However, there are more and more logistics enterprise that can provide mid-to-high end logistics products in China's logistics market. Buyers have more choices, when SF Express can't meet the buyer's expectations in price and logistics service and quality, most of them can turn to competitors such as Yuantong, Shentong, Zhongtong, Huitong, Yunda, Debon, etc. Therefore, in the process of dealing with buyers, buyers have stronger bargaining power.

5. Analysis of Internal Environment

The internal environment of the enterprise is relative to the external environment, which is the sum of the internal factors of the logistics enterprise itself. For the external environment, the logistics enterprise itself is more difficult to change, mainly adapt to the external environment. For the internal environment, it is the basis for the development of logistics enterprises, and it is a factor that can be controlled. If the logistics enterprises fully mobilize and utilize internal conditions, they can often obtain development opportunities. The internal environment analysis of logistics enterprises mainly includes: logistics resource analysis and logistics capability analysis.

(1) Analysis of logistics resources

The logistics resources of an enterprise are the sum of the material resources, non-material resources and their combined capabilities that are included in every link of the whole logistics enterprise operation process. Material resources are generally tangible, also called tangible resources; non-material resources are generally intangible, also called intangible resources. The tangible resources of logistics enterprises include: facilities and equipment of logistics enterprises, employees, funds, warehouses, systems, etc. SF Express logistics facilities are very rich, there are more than 200,000 employees, and contain many high-tech talents, and the funds are also very strong. The system is very advanced. The intangible resources of logistics enterprises include: trademarks and brands of enterprises, reputation of enterprises, market reputation, enterprise network resources, etc. SF Express brand recognition is relatively strong, enterprise reputation is relatively good, market reputation is very good, and enterprise contacts are abundant.

(2) Analysis of logistics capabilities

Logistics ability is the ability of enterprises to complete the expected tasks and objectives by scientific means and methods. Logistics capacity is closely related to logistics resources. It is mainly reflected in the utilization and management ability of logistics enterprises for logistics resources, without strong capabilities, logistics resources are difficult to play a role, and it is difficult to realize value-added and achieve the purpose of logistics enterprises. SF Express's overall logistics capacity is very strong, and it can co-ordinate various resources of the logistics system to achieve high-efficiency and high-level logistics operations.

6. SWOT Analysis

SWOT analysis is the abbreviation of situation analysis method, also called Dows matrix, it is a classic enterprise strategy analysis method, which is usually used to formulate strategies and analyze competitors. The contents of the SWOT analysis model mainly include the enterprise' strengths, weaknesses, opportunities and the threats (as shown in Fig.3), therefore, SWOT analysis is a comprehensive study of all aspects of internal and external conditions of enterprises, and then analyzes the advantages and disadvantages of enterprises, the opportunities and threats they face. Through SWOT analysis, enterprises can clearly understand internal and external factors; the enterprises put resources and actions together in their own strong and most opportunity areas, to make corporate strategy clearer.

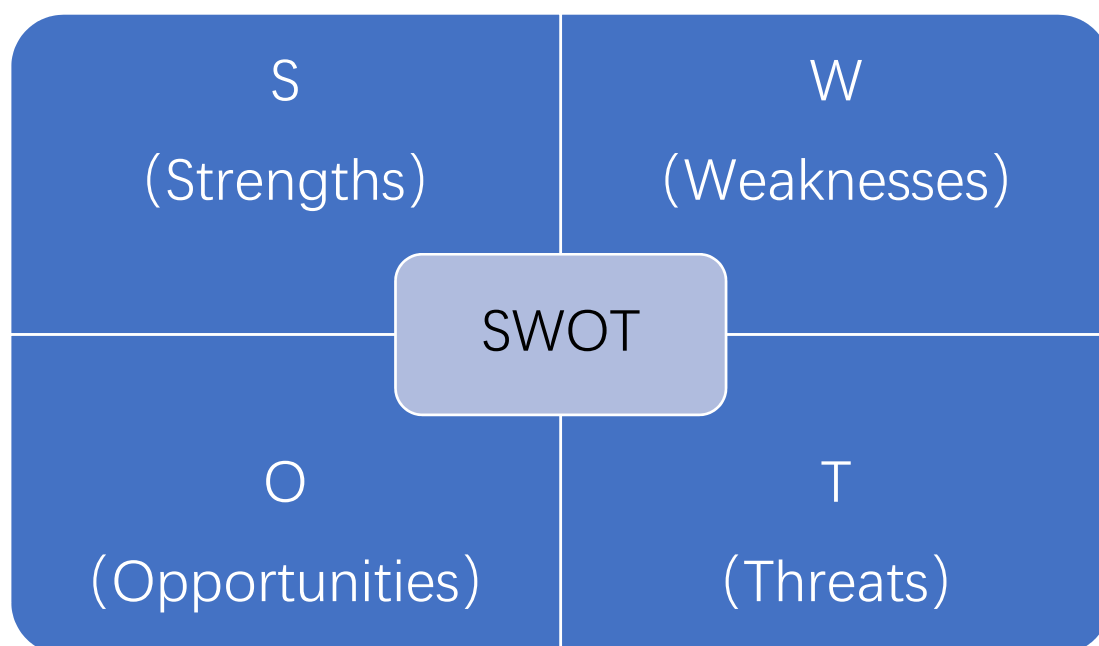


Fig.3.SWOT analysis model

(1) Strengths analysis

The biggest advantages of SF Express are mainly fast logistics, high logistics quality, good logistics service and high brand recognition. SF Express is the fastest in the logistics industry as a whole. SF Express currently has 56 aircraft for SF air transportation, and has established its own airport, which is the only express enterprise in China that has its own airport; this is second to none in China's logistics enterprises. In addition to SF Airlines, land transportation of SF Express is also very good, and the freight cars used after modification reaches the destination quickly even on muddy roads. SF Express has more than 300 sets of information systems to integrate SF air and land transportation services, which achieve high-quality logistics operations. SF Express also pays great attention to customer service, for some urgent express mail, SF Express adopts the priority delivery method to make customers more satisfied and the brand recognition is also very high.

(2) Weaknesses analysis

The main disadvantages of SF Express are reflected in the large capital investment, high product charges, insufficient network coverage and lack of high-end talents. Although the overall strength of SF Express is very strong, there are still many disadvantages. Because SF Express operates mainly in the mid-to-high end logistics products, in order to provide customers with high-quality logistics operations, investment in facilities, it has invested much in facilities and equipment and information system construction. In product charges, SF Express is significantly higher than its competitors, even two or three times its competitors. Although the coverage of most large and medium-sized cities has basic coverage, but for some third-fourth-tier cities or more remote areas, there are few or no store for SF Express. With the continuous expansion of SF Express's scale, the demand for high-end talents is large, and excellent high-end talents are very lacking.

(3) Opportunities analysis

Opportunities SF Express faces include government policy support, good business environment, sustained socio-economic development, booming e-commerce, and strong logistics demand. The State Council of China issued the "Medium and Long-term Plan for the Development of Logistics Industry (2014-2020)", it stated that it will increase policy support for land use of logistics enterprises, and help logistics enterprises reduce costs by giving preferential policies to logistics enterprises such as warehousing. Local governments and all walks of life also support the logistics industry, and the overall business environment is very good. China's social and economic development continues, the development speed of e-commerce is very fast, the purchasing power of residents continues to rise, and the overall logistics demand of the society is very strong. In the future, the demand for mid-high-end logistics will increase.

(4) Threats analysis

The threats faced by SF Express are mainly reflected in the intensified market competition, the impact of foreign-invested enterprises entering after China join the WTO, the rising cost of human resources, and the impact of self-built logistics of e-commerce enterprise. The strengths of competitors such as Yuantong, Shentong, Zhongtong, Huitong, Yunda and Debang are also very strong, although they are not mainly engaged in mid-to-high end logistics products, the threat of entry is very large, in allusion to medium and high-end customers, they have developed mid- to high end products with attractive prices, this cause large threat to SF. After China's accession to the WTO, some powerful foreign-funded logistics enterprise entered China to compete with SF Express. In recent years, the cost of human resources has risen steadily, and SF has not yet reached the level of automation. Therefore, all aspects of logistics operations still require a lot of manpower investment. Some developed e-commerce enterprise such as Jingdong, Suning, Gome and other enterprises have built their own logistics, which also poses a certain threat to SF Express.

7. Conclusions and Prospects

Conducting strategic environmental analysis is the premise and basis for logistics enterprise to make strategic decisions. Logistics enterprises are in a changing competitive environment, the internal and external environment of the organization will have a huge impact on the business

activities of the enterprise, if the internal and external environment in which the enterprise is located is not well recognized, the enterprise cannot operate efficiently and with high quality, fully analyzing the strengths and weaknesses of the enterprise and the opportunities and threats it faces can help the enterprise find the best development opportunities and space, thus make the enterprise's development strategy clear. The paper mainly uses SWOT analysis, PEST analysis and Porter's five forceS analysis method to analyze the strategic environment of logistics enterprises represented by SF Express, In the future, with the continuous improvement of technical methods and the changing market environment, logistics Enterprise need to constantly adjust and update their enterprise development strategies.

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