



Factor Analysis on the Influence of Logistics Companies Entering New Markets in China——SF Express as an Example

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ABSTRACT

Logistics industry development can significantly increase production efficiency of enterprises, while simultaneously contributing to the development of enterprises. Over the past several years, the government of China has placed a great deal of emphasis on developing the logistics industry there. Taking into account the fact that there are many factors which affect a company entering a new market, this paper will conduct a factor analysis of SF Express and conclude with four factors based on this company's strategies and market positioning.

Keywords: Logistic Company, Factor Analysis, New Markets

1. INTRODUCTION

The logistics industry is one of the most important sectors of the service industry. Especially in the context of the Internet, the rapid growth of online shopping business has promoted the rapid development of logistics service industry. More and more enterprises realize that this industry has a huge market. Developing the logistics industry can significantly increase the production efficiency of enterprises, and hence help to promote the development of enterprises at the same time. The dissemination and operation of logistics concept and logistics is rapid in China. In the 21st century, whoever has mastered logistics and distribution will master the market. [1]The development of modern logistics industry is becoming an emerging trend of world economic development. Logistics industry is a systematic and integrated compound industry and an important part of the new economic growth point. The good and healthy development of logistics industry is related to the adjustment of China's industrial structure and the optimization and transformation of economic development mode. Therefore, the logistics industry has been highly valued by government departments. The National logistics industry adjustment and revitalization plan lists the logistics industry as one of China's top ten pillar industries in terms of policy, and gives key support and development. The level of modernization of logistics enterprises reflects the level of production effectiveness

of a country. The Chinese government has started to pay attention to the development of the logistics industry, which has been classified as a leading industry.

Logistics research is mainly focused on two aspects: first, analysis of the relationship between the logistics industry and economic development to determine whether the development of the logistics industry will promote economic development. Generally[2], it studies the contribution ratio of logistics industry development to economic growth, whether there is a long-term and stable equilibrium relationship between logistics industry development and economic growth, and how logistics industry acts on economic growth and how economic growth reacts on logistics industry. Second, the research on the development of logistics industry. However, there is a lack of research on the factors constraining the development of logistics industry in China, and more attention has been paid to the measurement of the influencing factors, but little attention has been paid to the selection of the influencing factors.

Based on the literature, this paper conducts a detailed study on the factors affecting the choice of logistics industry. In selecting the factors, this paper chooses economic development, logistics industry infrastructure, informationization, and also considers institutional factors, such as the degree of marketization. This paper analyzes the factors influencing the choice of logistics services from the analysis of the factors influencing

logistics enterprises to enter new markets. The goal of this study is to analyze how the logistics industry is changed as a result of the transition to a resource-based economy by using the SF Express operation as a case study.

2. CURRENT DEVELOPMENT OF SF EXPRESS

In 1993, SF express was born in Shunde, Guangdong Province. Since its establishment, SF has improved its service network every year, extending from the Pearl River Delta to most provinces and cities in China, and even from China to overseas. In Chinese Mainland, Hong Kong, Macao and Taiwan, it has established huge business institutions and service systems such as logistics distribution, information system and market development. SF has built more than 12000 business outlets in Chinese Mainland, covering 31 provinces, autonomous regions and municipalities directly under the central government in Chinese Mainland, more than 300 large and medium-sized cities and more than 1900 county-level cities or districts. At present, it has opened Express Services in 9 countries such as the United States, Japan, South Korea, Singapore and Australia. SF's existing warehouses are distributed in 26 cities across the country, covering most areas such as North China, East China, South China, Southeast and central China. SF's seven regional distribution are also located in Beijing, Shanghai, Guangzhou, Xi'an, Chengdu, Wuhan and Shenyang. They are all large warehouses with 10000 square meters, and hundreds of distribution also cover the whole country. Shenzhen SF Express Co., Ltd. belongs to the Shunfeng Group and focuses on the logistics business of large consignments, a brand that is more focused on efficiently solving the problems of specific logistics business scenarios such as customer factory warehouses, warehouse warehouses, warehouse stores, e-commerce and large parcels of daily life.[3]. Shunfeng Express logistics as the core products and solutions, will be keen market insight, relying on the network and resource advantages of the Shunfeng Group, the actual customer-related business results as the focus to build problem-solving capabilities, through teamwork and technology applications. Facing the broad market and challenges, it is an efficient express transportation leading partner for customers. Leading business cooperation quality service, leading customers' business to continue to move forward, leading the rapid transportation industry to flourish. SF Express has enjoyed extensive praise and popularity in the express industry with its excellent and strong corporate culture (achieving customers, equal respect, innovation, unity and responsibility). In the express industry, "SF" has become synonymous with "fast", "punctual" and "safety"[4]. SF's mission can be determined as: develop the national express industry, maintain the leading advantage of the express industry, and become the most trusted and respected express

company. SF can further promote the development of China's express delivery industry and assume more social responsibilities through continuous product innovation, improving customer service quality, strengthening enterprise brand construction, improving internal talent mechanism, accelerating the integration with the Internet, etc. Make due contributions to China's express enterprises in the process of internationalization.

3. CHARACTERISTICS OF MODERN LOGISTICS IN CHINA

The fundamental difference between modern logistics industry and traditional logistics industry is that modern logistics transportation is more reasonable, the control is very strict, and the departments can communicate with each other in time, cooperate and influence each other, and it is a flexible system that can convey messages quickly. In recent years, China's logistics industry has made great progress in both quality and quantity, mainly thanks to the national investment and construction in transportation infrastructure and the support of relevant industrial policies. At the same time, China's logistics industry, which is within the framework of the global industrial value chain, is also actively meeting the demand for logistics services with high quality requirements.

Compared with the traditional logistics industry, one of the characteristics of modern logistics is systemic[5]. Logistics system can combine the logistics needs of enterprises with the logistics needs of enterprises, logistics through the business activities of enterprises in procurement, production, sales and waste collection, forming a virtuous cycle of the system.

4. FACTOR ANALYSIS OF SF EXPRESS' NEW MARKET IMPACT ON CHINA'S EXPRESS INDUSTRY

4.1. Economic development

GDP per capita, income of residents, output value of the three industries, and gross industrial output value, etc. are factors that influence logistics enterprises on the new market[6]. Over the past two decades, China's economy has maintained steady and rapid growth, and the average growth rate has reached an unprecedented high, enabling all industries to prosper and develop. First, with the rapid development of the economy, China's social demand for logistics industry will also be improved accordingly. The production sector provides logistics services, so the demand for logistics services, such as derived demand, will increase with the development of the economy, and the development of other industries determines the total demand structure of logistics services for economic development. The higher the level of socio-economic development, the higher the level of demand for SF

Express. Second, the development of SF Express cannot be separated from the support of other industries, and the development of the logistics industry cannot be separated from the support of other industries. To provide material and technical support for the economic development of related industries, especially the later development of related industries, will improve the service supply capacity of related industries[7]. In addition, economic development must be closely related to technological progress, and the logistics industry, as an emerging industry, is highly dependent on technological, economic and social development. Technology will improve the capacity of the logistics industry[8].

According to the financial statements of SF Express issued in 2020, from 2011 to 2020, the business volume of China's express service enterprises increased from 3.67 billion to 83.36 billion, with an average annual compound growth rate of about 41.48%. During the "13th Five-Year Plan" period, China's parcel express volume exceeds that of the United States, Japan and Europe and other developed economies combined, contributing more than 50% to the world's parcel growth, and has become the world's postal industry powerhouse. This shows that SF Express has a market with huge potential.

4.2. Infrastructure construction

As a complex modern industrial sector, the most important feature of modern logistics is that it requires a large amount of infrastructure construction. Generally speaking, logistics infrastructure includes transportation infrastructure, such as railway, highway, river, aviation, pipeline, etc; It also includes logistics node infrastructure, such as logistics park, logistics distribution center, public storage platform, etc. Infrastructure is a necessary guarantee for regional economic development. A logistics infrastructure system with reasonable layout, perfect functions and supporting connections is the prerequisite for the development of modern logistics industry. The investment in logistics infrastructure can promote the formation of logistics network system, expand logistics output value, optimize the whole social logistics system and realize efficiency and value-added. In the logistics system [9], transportation is inseparable from transport network construction, planning and construction, loading and unloading, logistics distribution, warehousing and packaging processing, logistics parks and the corresponding equipment, and communication is inseparable from various modern high-tech media. Whether the infrastructure construction is perfect determines the development of logistics enterprises, so it can be seen that the impact of infrastructure on the logistics industry is very significant[10]. Transportation infrastructure is very important in the logistics infrastructure. The essence of the logistics industry is the movement of goods and changes in their physical location.

4.3. Human capital

Any economic development is inseparable from the most important factor - human capital, especially high-intelligence and high-tech human capital. With the continuous development of China's economy, society and education, there are more and more well-educated high-quality and high intelligence talents, which continuously enrich China's talent market and is a living force to promote China's scientific and technological progress and economic and social development.

Modern logistics industry is a comprehensive and complex industry integrating transportation, storage, freight, information and other industries as a new comprehensive industry, its development is inseparable from the support of logistics personnel[11]. The skills and quality of logistics personnel will also have a profound impact on the development of the logistics industry, and the healthy development of the logistics industry cannot be achieved without a variety of junior, relatively high quality and high technical content of the staff.[12]. More importantly, SF Express also needs a large number of middle and high level scientific and technical talents and management talents with higher education and professional logistics knowledge. There are enough people and talent structure to support the healthy development of the logistics industry[13]. According to the survey, the proportion of university-educated logistics employees is at a low level in various industries. Even logistics students with special logistics training are more theoretical in their knowledge than business and practical knowledge. Another problem with the lack of logistics schooling is that schools are producing more logistics engineers and technicians, but not enough logistics management personnel. These problems have resulted in the talent capital factor of SF Express being insufficient to support the growth of the company.

4.4. Technological advances and information levels

Logistics, as a new and comprehensive industry, is increasingly dependent on technology levels. Technological innovation provides a strong driving force for sustained economic growth. Science and technology is a strategic resource for regional economic development and the key to building an innovative country. The 12th Five year development plan points out that China's economy and society should realize an innovation driven and endogenous growth development model. Therefore, science and technology is the theme of China's economic development, which can promote the transformation of production mode and then serve economic development. At present, the input-output indicators of technological innovation have increased significantly, and the efficiency of technological

innovation has been gradually improved. In terms of the development of logistics industry, it is also inseparable from the support of technological innovation, such as the technical application in the fields of logistics information system, bar code scanning system, automatic sorting device, modern distribution center and so on. The impact of technology on logistics is mainly reflected in the logistics demand. The development of technology has greatly improved the efficiency of logistics equipment and the efficiency of the logistics industry, such as the birth of automated three-dimensional storage, which has greatly improved the efficiency of logistics, promoted the coordination of logistics links, and reduced logistics costs. In addition, automated three-dimensional storage is also instrumental in enhancing the company's credibility and satisfaction..

SF Express has become the 4th largest express company in the world and is the leading express company in China. It has a leading position in the logistics industry in the segments of express transportation, cold transportation and pharmaceuticals, crosstown and supply chain, and maintains a growth rate much higher than the industry as a whole, with obvious competitive advantages. The market size of China's large logistics industry is about 15 trillion yuan, and the total revenue of SF Express will exceed 150 billion yuan in 2020, accounting for about 1% of the market share of the large logistics industry, so the future development potential of SF Express will be enormous.

5. CONCLUSION

Modern logistics is an important part of the new market and is of great significance to economic development. Therefore, it is necessary for the government to formulate corresponding policies and regulations. In order to promote the development of SF Express, this paper examined the factors that promote the development of the logistics industry and have a significant impact on it, and analyzed the impact of these four factors on the future development of the enterprise.

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