

The Research on Joint Distribution Mode of the Chain Retail Enterprises

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Abstract—In the development of modern logistics, joint distribution is one of the most important fruits of logistics distribution technology innovation and has become an important means for chain enterprises to adopt unified procurement and distribution. Joint distribution system is the “nerve” of chain management, and as the infrastructure for the operation of joint distribution, the distribution center constitutes the nerve of joint distribution activities, and plays an important role in the implementation of joint distribution. Through the highly efficient operation of joint distribution center, chain enterprises connect various functions: procurement and supply, inspection, storage, transportation and delivery, etc. and form a smooth logistics distribution system, thus giving full play to the advantages of chain operation and realize the benefits of scale management.

Keywords—Chain Operation; Joint Distribution; Joint Distribution Mode; Innovation

I. INTRODUCTION

Since the reform and opening up to the outside world, the government has always been regarding developing chain retail industry as an important commercial reform measure, so the competition in the retail industry is becoming increasingly fierce. Chain retail industry has brought great economic benefit to our country and also greatly promoted the economic development of China. However, problems like low rate of unified distribution, small distribution scale and unreasonable locations of distribution centers have become the bottleneck restricting the current development of chain retail enterprises in China. In order to solve this problem, large-scale manufacturing and business self-built logistics centers and small-scale enterprises outsource the logistics to the more professional third-party logistics company. In this case, there have already been many problems in the logistics distribution industry.

Faced with the problems in China's chain retail industry and the fierce competition on the retail market, especially after China has joined the WTO, in order to have the strength to face with more fierce competition from international large chain group of Wal-Mart, Metro and Carrefour, chain companies in our country are all actively developing logistics distribution services, hoping to establish a unified and complete logistics distribution, realize the unified operation and management of commodity circulation, make quick response to customers' needs, eliminated excess inventory, reduce the cost of enterprises and enhance enterprises' core competitiveness.

II. JOINT DISTRIBUTION IS THE PURPOSE AND MEANING OF LOGISTICS DISTRIBUTION TECHNOLOGY INNOVATION RESEARCH

In recent years, the circulation technology has been widely used in the retail field, and information technology means are also increasingly being accepted by business management personnel at all levels. However, the current logistics situation of China's chain enterprises is not very satisfactory, and there are many problems in unified distribution especially, greatly hindering and even restricting the development of chain enterprises. Aiming at the various problems in the management of chain enterprises, joint distribution mode has been introduced to the enterprises through analyzing logistics distribution demand, integrating social resources and controlling distribution costs, etc. Joint distribution mode is an advanced mode developed to adapt to reasonable distribution after a long time of research and exploration, and it has been widely used in America, Japan and other developed countries with great influence. Besides, it has great significance to reduce operating costs and improve distribution efficiency.

Joint distribution, which involved many specific details, is the overall trend of logistics distribution development, and there will inevitably be some difficulties in the implementation process. Given the significance and function of joint distribution to chain enterprises both at home and abroad and that there has not been any in-depth research and positioning of the role of joint distribution in chain enterprises' logistics system, the author of this paper hopes to provide reference for chain enterprises in choosing logistics system through the research and summary of the process and mode of joint distribution.

III. CLASSIFICATION OF JOINT DISTRIBUTION OF CHAIN RETAIL INDUSTRY AND OBSTACLES TO ITS DEVELOPMENT

A. Joint Distribution of Chain Retail Enterprises in Different Formats

1) Joint Distribution Mode of Chain Supermarkets

Products to be distributed in chain supermarkets include food, fresh products, frozen goods, daily necessities, clothing and self-produced products, etc. So a good picking ability is needed, and circulation-type or processing-type of joint distribution centers is suitable for chain supermarkets. Large chain supermarkets can build their own joint distribution center for joint distribution; medium-sized chain enterprises can cooperate with each

other or outsource the logistics to the third-party logistics enterprise for joint distribution; small-sized chain supermarkets can implement free chain in order to achieve the scale effects, and adopt joint distribution after expanding their scales. The suppliers only have to deliver products to the distribution center, and the distribution center will make unified processing, storage and delivery, saving the investment in manpower and transportation vehicles. Besides, it is also easy to coordinate the planning of production without keeping a large inventory and it also reduces the costs. On the other hand, through joint processing and joint distribution, chain enterprises can form scale economy, promptly satisfy the stores' needs, reduce distribution vehicles and distribution costs, and improve efficiency of each branch.

Retail enterprises with rapid development include: Carrefour, which has 27 large-scale comprehensive supermarkets with the sales volume of 8.5 billion; Wal-Mart, which has 11 large-scale comprehensive supermarkets with the sales volume is more than 4 billion; Metro, which has 12 large-scale comprehensive supermarkets with the sales volume is more than 4 billion; Huatang Mall, which has 2 large-scale comprehensive supermarkets with the sales volume is more than 1 billion; Trust Mart (Taiwan funded enterprise), which has 22 large-scale comprehensive supermarkets with the sales volume is more than 4 billion.

2) Joint Distribution Mode of Chain Convenience Stores

Convenience stores, mainly located in the residential community, have smaller scale and are mainly engaged in grain and oil products, non-staple food, hot and cold drinks. There has already been successful joint distribution mode both at home and abroad. For example, the 7-11 chain enterprises in Japan establish joint distribution system according the division of different regions and commodity groups, and then the joint distribution center established jointly by developers gathers products together and then distribute them to each store, reducing the logistics costs. In China, Shanghai Lianhua enterprise, the leader in China's retail industry, carries on joint distribution to its over four hundred convenience stores by establishing a convenient scattered distribution center, timely meeting the demand of each convenience store and greatly improving the efficiency of logistics. Products to be distributed in chain convenience stores include cooked food and daily commodities, etc. So a good picking ability and the ability of direct transportation are requested, and the circulation-type joint distribution center is suitable. The system is requested strongly to manage the stores and suppliers need to transport products. So convenience stores can establish transit center together with the wholesalers or build their own distribution centers for the distribution of each convenience store.

3) Joint Distribution Mode of Warehouse Club Stores

Warehouse club stores are mainly engaged in wholesales of discounted business, so they usually have large scale with the means of delivery-direct-to-shops. For the distribution of some of the commodities of the VIP club, improve the utilization rate through using the distribution center together with other businesses. Seasonal products or those of their own brands are stored mainly and circulation processing is carried out after the products

have already been delivered to the shops. The warehouse club stores in China mainly include Metro of Germany and the US Sam club shops.

4) Joint Distribution Mode of Chain Specialty Stores and Franchised Stores

Franchised stores develop on the basis of specialty stores. Both the franchised stores and specialty stores belong to the exclusive retail trade, so both of them can be called exclusive stores mainly engaged in branded products both at home and abroad: clothing, watches, gold and jewelry, etc. Chain specialty stores develop rapidly in China, such as Gome home appliance, franchised clothing stores, etc. mainly featured by a professional fine differentiation and a variety of business forms. Franchised stores provide customers with quality service with their professional service, chain operation and other advantages, but its scale is relatively small and they mainly store professional products with longer storage period. And most of them use the inventory-type joint distribution center so that they can make joint distribution together with the third party logistics enterprises or other enterprises of the same industry, trying to reduce the inventory of each store and improve the efficiency of logistics operation.

In the field of home appliance sales, three great giants in the sales of home appliance have gradually emerged in China: Gome in Beijing, Sanlian in Shandong and Suning in Jiangsu. In pharmaceutical retail chain enterprises: Beijing Tongrentang, Shenyang Tianyi, Chongqing Heping, Guangzhou Jianmin and Caizhilin, Shenzhen Haiwang and 999, etc. They all have outstanding performance and there is even a trend of chain sales of medicines in Guangdong.

5) Joint Distribution Mode of Department Stores

There are various products sold in department stores and originally, different product departments have their own sales area in charge of the product purchase, management and operation so as to meet customers' demand for the variety of fashion commodities. Currently, the development of chain department stores is gradually showing a trend of large scale, organized group, and diversified management. And it is extending to new formats. Department stores' demand for distribution mainly focus on home appliance, clothing, shoes and hats, sports equipment and other category that can form its scale as well as the distribution service of large goods. So it has a low reliance on the distribution center and inventory-type joint distribution center is suitable. Currently, there have already been some large-scale chain department stores. For example, Shanghai Paris Spring Department Store has already introduced the unified import procurement system by building its own small-scale distribution center to replenish and deliver products for each counter. For some small-and-medium-sized department stores, they can use the third-party logistics enterprises to gather products and distribute products in small batches so as to save distribution costs.

The rationalization of the retail commercial form structure and layout is one of the important contents and signs of a city's rationalization of commercial circulation structure and layout, and also one of the important contents and signs of the rationalization of a city's social and economic structures and layout. The rationalization of a

city's retail business format structure and layout is a systematic project involving every social and economic aspect. So it cannot be subject to one's own will and inclinations at random. Instead, various factors must be considered comprehensively: population amount, structure and distribution, consumption demand and its characteristics, customers' purchase preference, transportation, communication, urban planning, geographic locations, historical factors, urban scale, social culture, economic development level, market supply and demand, science and technology and its development, natural conditions, resources conditions of the enterprises, etc. It must be mentioned especially that the above factors are very complex and interconnected to each other, so in planning the structure and layout of retail industry, we must not just consider one or two of these factors while neglecting other factors. Instead, we must consider all of the factors and their effects comprehensively and completely so as to realize the rationalization of retail format structure and layout.

B. Factors Restricting Joint Distribution Development of Chain Retail Industry

It is not easy for chain enterprises to carry out joint distribution. Currently, factors restricting chain enterprises in developing joint distribution can be classified into the following two categories:

1) There are many defects existing in joint distribution itself.

There are various and complex kinds of commodities in each chain enterprise: daily provisions, clothing, medicines, tobacco and alcohol, etc. They have different requirements for distribution and storage and some of them even cannot be distributed, which has increased the difficulty in distribution.

Besides, due to different background, corporate culture, business philosophy and the gap in scales and business circles, once the business modes cannot be integrated, it is difficult to coordinate between the chain enterprises participating in joint distribution. And cost sharing is also a great problem and the sharing of joint distribution resources will inevitably bring about the problem of calculating costs, thus causing mutual contradiction.

Joint distribution has poor performance in keeping confidentiality of each chain enterprise. Joint distribution is just like the development of the Internet, which allows the sharing of resources, but also brings the risk of leaking confidential business information.

2) Logistics condition is poor for developing joint distribution

Although the current logistics condition in China has greatly improved through the development of these years, there is still a great gap for developing joint distribution.

a) Tax issue remains to be resolved

According to policies, chain enterprises do not need to pay tax if they build their own distribution center. But if the joint distribution is formed by two enterprises, they must pay tax according to the current tax policies. For the same operation link, additional tax must be paid for different processing, thus impeding the development of joint distribution to a certain extent.

b) Lack of Fund

Distribution center needs large investment and long payback period, and it is the same with those needed by joint distribution. Compared with large foreign chain enterprises, China's chain enterprises still have small scale. If chain enterprises need to develop rapidly and in scale, investment of funds is needed, but it is difficult for chain enterprises in China to raise funds.

c) Lacking Logistics Professionals, especially senior logistics management talents

Logistics talents will become one of the most scarce persons in the 21st century, and genuine advanced logistics management talents are even rare in our country. Besides, China's market laws and regulations are not perfect, and some old ideas are still deeply rooted in people's thoughts. Problems like logistics standardization and regulation still restrict the development of joint distribution.

C. Problems to be Mentioned in Carrying out Joint Distribution for Chain Retail Industry

Joint distribution is an important means to reduce logistics costs and improve logistics efficiency, but in the process of implementation, we should pay attention to the following questions:

Enterprises participating in joint distribution must be a legal entity with clear property rights and independent economic interests. Because only when an enterprise is an independent operation entity with its own independent economic interests can it be engaged in economic activities independently through the comparison of interests and according to its own will and requirements. Otherwise, unclear property rights, powers and responsibilities will inevitably lead to the conflicts between enterprises in this cooperation and they will pass the buck to others and dispute with others.

We must seek the supports from governments at all levels. Although joint distribution is a non-governmental behavior, it still needs to support from government. For example, the reason why joint distribution in Japan and Germany can develop so quickly is due to the government support to a great extent. Currently, joint distribution in China is still in the initial stage, and government support plays an important role in its development. The government can take the national investment as the mainstay to drive private investment in infrastructure construction like traffic, telecommunication, fiber optic cable, etc. and provide an ideal service platform for the development of joint distribution. The government can also give some preference to logistics enterprise in policy, e.g. preferential tax policy for new distribution companies and provide financial support for its development, etc.

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In the joint distribution of different industry, customers' distribution, product storage, loading and unloading, etc. must be fully considered, and whether there is some similarity between the operation system and logistics service level should also be considered.

In carrying out joint distribution, the existence and integration of order information system, delivery information system, time, bills, barcodes and other conditions must be considered, because all of them are the foundation of joint distribution.

IV. CONCLUSION

This paper is completed after consulting a large number of books and materials about the logistics distribution mode and joint distribution of chain enterprises. Compared with other research results about logistics distribution of chain enterprises, this paper consists of the following innovations:

To study the distribution system of chain enterprises' logistics system, including distribution centers, distribution process, distribution mode, etc.

Joint distribution is the key for chain enterprises to ease the "bottleneck" effect in logistics development is put forward by the influence and restriction of logistics mode and logistics situation. The advantage, role and operation of joint distribution is put forward systematically, and joint

distribution will be the new trend of logistics development for chain enterprises.

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