

# Competitive analysis of Mandy industry in China

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**Keywords:** Mandy, competitive analysis, express, Porter's Five Forces Model

**Abstract.** Mandy means that the delivery should be done over a quite long time. And the addressee needs to be someone in the future. So this can also be regarded as future mail. At first, this thesis will conclude the nature of the Mandy industry by comparing the express delivery and Mandy. Then, Michael Porter's Five Forces Model would be used to analyze the competition of this new industry in China.

## 1. Introduction

With the rapid development of the national economy in China, people's living standard is increasingly improved. Therefore, a new industry, Mandy industry, brew up. It is a kind of mail delivery service which is exactly the same as the normal post office and the only difference is that the time of delivery is decided by the sender. While the development of express delivery business is relatively mature today, appeared in the market economy, Mandy is facing a broad space for development. In order to obtain rapid development, Mandy, however, has to go through the fierce market competition coming from both the internal and external industry.

## 2. Express delivery and Mandy

In Chinese, there is only one character short between express business and mail business. When it comes to Mandy, many folks will think "what is the Mandy? Is Mandy same with the express? Since the express is sometimes slow, what I can do with the Mandy?" So let's figure out the relationships between express and slow delivery first.

**2.1 The same point.** If we call Mandy as future mail, maybe it is easier for you to understand this industry. In fact, both express and future mail initially belong to the branches of the Logistics industry which consists of the transport of goods, distribution, storage, packaging, transportation and handling, circulation processing, related logistics information links, at the lowest cost to meet the needs of customers. From the definition of logistics, express and mail have such basic characteristics as transportation, storage and distribution.

Spontaneously, due to the Mandy business and express business on the origin, the correlation of them also needs the support of distribution business and technology to promote their development. Their good operation also need to establish a perfect and convenient customer database so as to ensure the delivery on time, the safety of the item in good condition, and the rule of law and improve the law to provide a good environment to ensure the long-term stable market demand in the industry.

## 2.2 Mandy and expression of the differences

**The market selection mechanism.** An industry from appearing to being recognized by the market need a natural process, so that the emergence of new industry will make potential customers have a lot of worries and concerns. Mail business commitment party responsibility occurred in the express business further in the future, has a great deal of uncertainty, the risk. When choosing Mandy consumption, consumer must bear a higher risk and psychological pressure consumption express service., but psychological stress of choose express is relatively

smaller. Mandy business service period is longer, it is difficult for the market to select Mandy company with high reputation through the empirical data, at the same time to eliminate low credibility, service company in the short term. Furthermore, the business law's being not sound or even blank makes it difficult for the consumer to safeguard their own rights and interests. Under a lot of consumer choice, appear even trust crisis of the whole industry. So compared with the express, Mandy don't have benign and efficient market selection mechanism.

**The market demand motive.** Mandy is a kind of emotional consumption for the consumer, to awaken people's emotional needs<sup>[1]</sup>. This demand is irregular, like a kind of entertainment and not rigid needs, a greater extent effected by the consumer personal preferences and personal utility value, and its repeatable demand motivation is low, fundamentally determines the future mail limitations and conditionality of the future market. on the other hand, people's demand for express business is more of a conventional requirements, rigid demand. It is designed to improve our efficiency of work and life .Saving time is a big advantage of the express delivery. From this point, it seems, Mandy business and express business, there is not too many inner links.

**Focus is not the same.** Mandy is a sort of personalized mail business, which could meet some emotional, romantic emotional needs. To be clear, the beginning of Mandy industry does not to meet the demands of daily life convenient. It provides a kind of spiritual satisfaction and service. Emphasized from the point of logistics, Mandy is delivered on time accuracy, the letters and other supplies to the punctuality and accuracy of mail recipients., while the high efficiency is attached great importance in the express delivery.

**The initiative is different.** In the express industry, express company is dominant and determine the time of express delivery. The customer can only be passive to accept the time stipulated in the mail, even as the customer can choose express delivery time according to the price. The shorter the time you choose, the higher the cost you need to pay , which is not the way customers really want . In Mandy industry, customers can write a letter , postcard or send other gifts to a person(oneself or others) in the future, then according to their own needs, specifying the time that can be a few months later, after a few years or even decades later. Charging is the China post's regular rate plus additional storage and undertakes fee, economical and practical<sup>[2]</sup>. In this way ,consumer is completely dominate the timing on the initiative.

Through the above analysis, it can be seen that there are few links between Mandy and express delivery. On the contrary, the difference between them is more apparent. We can say that Mandy and express are the derivative of logistics. Saying popular point is that express and Mandy are brother relationship, logistics being their common mother. Two brothers now have got the house, independent from each other.

### **3. Competitive analysis**

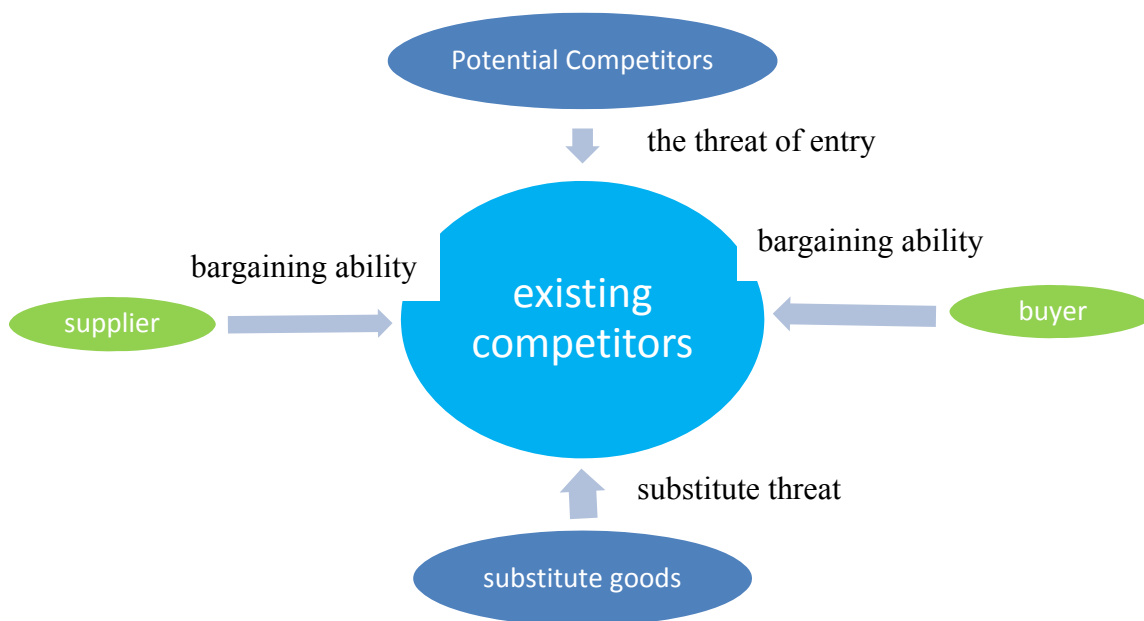
**3.1 External competition.** Mandy and express, due to the similar name, Chinese consumers are easy to confuse the two. But there is the essence of the opposite in service, the former pays attention to the spirit while the latter emphasizes the substance. Compared to express, Mandy's biggest threat lies in the early stages of the development in that people still neither understand nor believe the mail. According to network questionnaire analysis, among the 1000 surveyed, the proportion of not having heard of Mandy is as high as 75.86%, but also illustrates the Mandy market prospect is very broad; thought Mandy and express the same industry accounted for 67.25%. It is conceivable that how strong competitiveness from the

express industry. However, for external competition, there is no need for Mandy to get panicked, as the express is only a time-being competitor. After the consumers are aware of the differences between the two, Mandy and express will go different ways.

### 3.2 Internal competition.

Porter model is one of the classic methods to analyze the internal competition of the industry. According to Porter model (as shown in figure 1), the state of competition within an industry depends on five basic competitive forces: the threat of entry, the competitiveness of the existing competitors, substitute threat, buyers bargaining ability, the supplier bargaining ability. These forces together determine the industry's competitive strength and profit potential.

figure1. Michael Porter's Five Forces Model



**The threat of entry.** When potential entrants can easy to enter a particular industry, the industry competition will improve. First of all, with the gradually development of China's Mandy industry in recent years, most of the countrymen have found business opportunities, the number of potential entrants increasing. Secondly, for the majority of potential entrants, the biggest barriers to entry is smooth to obtain the trust of the consumers. Thirdly, the difference of the service request is the challenges that mail entrants will face. So, to Mandy industry, potential of entry is high, although there are many barriers to entry, but potential entrants drive still don't allow to be ignored.

**The competitiveness of the existing competitors.** In early 2009, the first Mandy company in China——Panda Mandy was officially open in Beijing 798 art district<sup>[2]</sup>. By the end of 2015, there are only a few Mandy companies such as Panda Mandy, FeelingMsg, Time Mandy in China. Because Mandy market also requires a great deal, competition between the few enterprises is not very intense. Their biggest difficulty is to solve development problems, instead of the pressure of competition with other enterprises. Only oneself taking hold, will have the strength to compete with others, otherwise will only die.

**Substitute threat.** Consumers using Mandy primarily records the emotions, treasuring memories to relieve stress. Consumers could achieve the above requirements by means of

medical treatment, such as consulting psychiatrist, hypnosis, or involvement in a relief program, but these kinds of substitutes cost high, short timeliness. What's more, Mandy creates a romantic environment and guide the consumer slowly to put down the stress in their own minds, packaging them sent to the future. This is a variety of economical and long way. Then, listening to music or doing sports can also help people relaxed in some degree. To consumers, however, the satisfaction of using Mandy can't be substituted by any other ways. To sum up, Mandy service has lower substitution threat.

**Buyers bargaining ability.** Buyer's means of competition is to keep prices down, demand higher quality or ask for more services, and take advantages of a state of opposing among competitors. In the Chinese Mandy market, the brand is less, not competitive. And consumer's awareness of the value of the Mandy is not very clear, Mandy market overall is a seller's market. Consumers, purchasing Mandy service, may not have a strong bargaining power.

**The supplier bargaining ability.** Suppliers can put pressure on enterprise by raising prices, reducing the quality of product and service quality. Mandy company suppliers mostly involves the physical carrier of the mail, such as postcards, stationery and pens, whose price directly affects the service cost. In recent years, China's macro economy showed signs of micro thermal and structural inflation, rising raw material costs, which increases the enterprise operating pressure to a certain degree. But there are many suppliers on the market at home and abroad, competition between them is fierce and difficult to form the supplier alliance. Mandy enterprises, therefore, can more easily get the carrier, which reduces the supplier bargaining power.

#### **4. Summary**

Above all, a conclusion can be drawn that the competition China's Mandy companies currently face is not pretty fierce whether it is within the industry or not. With the development of China, this kind of competition will also increase accordingly. The new industry will be favored by consumers abstractly, especially after folk's making sense of the difference between the Mandy and express delivery.

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