

# Research on the Development of the “Third-party Logistics” Under the New Economic Environment in China

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**Abstract.** In the new economic environment, modern logistics has gradually become an important pillar of the development of the national economy. As a form of advanced logistics services, third-party logistics is booming. Based on this, this paper analyzes the development status, characteristics and development trend of third-party logistics in China, points out the main problems existing in China's third-party logistics industry, based on the development of third-party logistics, perfects third-party logistics infrastructure and improves third-party logistics. Development strategies such as the level of information and strengthening the training of third-party logistics personnel to promote the further development of China's third-party logistics in the new economic environment.

**Keywords:** New Economic Environment, Third-Party Logistics, Development Strategy.

## 1. Introduction

Under the new environment of rapid economic development in China, the third-party logistics industry plays an important role in improving the level of national economic development. The “Sino-and Long-Term Planning of Logistics Industry Development (2014-2020)” issued by the State Council affirmed the important role and value of the development of the industry, and also affirmed the contribution of the logistics industry to GDP. In recent years, although China's GDP has continued to grow every year, the growth rate has slowed down, which means that China's market economy environment has entered a new era. Nowadays, third-party logistics services have achieved unprecedented development. Whether the third-party logistics industry can continue to maintain a good development trend in the new economic environment has extremely important practical significance for the development of China's modern logistics industry.

## 2. The Status Quo and Characteristics of China's Third-party Logistics Development under the New Economic Environment.

According to the data of the China Federation of Logistics and Purchasing, total value of social logistics goods in China has increased year by year, and the growth rate is relatively large. Total value of social logistics goods refers to the value of all the goods needed to be transported by the whole society in the year. The rapid growth of total value of social logistics goods represents a huge demand for social logistics.

Table 1 below shows the total social logistics growth rate and growth rate for China in 2011-2017.

Table 1. Total value of social logistics goods and Growth Rate of China in 2011-2017

Years	2011	2012	2013	2014	2015	2016	2017
Total value of social logistics goods(Unit: trillions of yuan)	158.40	177.30	197.80	213.50	219.20	229.70	252.8
annual rate of growth	26.32%	11.93%	9.5%	7.9%	5.8%	6.1%	6.7%

If we according to the average proportion (12%) of China's third-party logistics in the logistics market to calculated, the average share of third-party logistics in Total value of social logistics goods can be obtained, as shown in Table 2 below.

**Table 2. Total value of 3PL and Growth Rate Table for China 2011-2017**

Years	2011	2012	2013	2014	2015	2016	2017
Total value of 3PL(Unit:trillions of yuan)	19.00	21.28	23.73	25.62	26.36	27.56	30.34
annual rate of growth	26.32%	11.93%	20.19%	9.15%	29.35%	26.32%	11.93%

Although the third-party logistics accounts for only 12% of the logistics market in China, total value of social logistics goods is not a small value; therefore, the demand for the third-party logistics market is also considerable. Through its ever-changing positive growth rate, the demand for third-party logistics market will continue to grow. The third-party logistics industry in China has the following characteristics in the new era:

1.The overall growth of the logistics industry is slow. From a data perspective, Although the relevant value-added and the total value of social logistics goods and other indicators have also increased in recent years, the overall trend has slowed.

2.Logistics costs continue to rise. With the increase of labor, oil and other transportation costs, as well as the increase of land prices and storage rents, logistics costs have greatly affected the profits of enterprises, which has brought tremendous pressure and obstacles to the development of enterprises.

3.The level of specialization and socialization is constantly improving. With the intensification of market competition, enterprises gradually deepen their understanding of modern logistics. After the logistics industry has undergone continuous market segmentation, specialization has become an inevitable breakthrough for the development of third-party logistics, especially in the period of rapid development of logistics, two specialized logistics modes of “self-operated mode” and “outsourcing model” were appeared. “Self-operated mode” is to solve the problem of logistics and distribution by self-built self-operated logistics platform. For example, Jingdong Mall belongs to the self-operated logistics mode, then “outsourcing model” is to transfer the logistics distribution function to the third-party logistics enterprise. For example, Taobao merchants belong to the “outsourcing model” through cooperation with express companies such as SF Express and Yuantong Express. In the new economic environment, the development of third-party logistics has greatly solved the problems of tax filing logistics and international logistics, and has accelerated the development of China's logistics industry.

### **3. The Development Trend of China's Third-party Logistics Industry Under the New Economic Environment.**

#### **3.1 The Development Trend of Third-party Logistics is Diversified.**

The development of the modern economy is no longer as it has been like, the traditional logistics developmental pattern is difficult to adapt to the ever-changing modern economic needs, we must constantly transform and innovate the third-party logistics, At the same time, encourage the logistics innovation and development, Enterprises should establish an informationized, scientific and systematic modern logistics distribution system to maximized reduction of logistics costs. And then, Enterprises must also do a good job in supply chain management. Supply chain management and optimization will become the core service content of third-party logistics.

#### **3.2 Regionalized Logistics Promotes Development.**

In recent years, a number of strategic guidelines such as the “Belt and Road”, the Yangtze River Economic Belt and the integration of the Beijing-Tianjin Wing have been proposed successively, and regional free trade zones have also been established. From this point of view, the regional economy is gradually becoming a new direction for China's economic development, and will become a major force in China's economic development for a long time in the future. Under such a background, the

development of regional logistics is not only in line with the development of the times. At the same time, the development of regional logistics will break the geographical restrictions. In the process of diversification of logistics enterprises, the establishment of regional multimodal transport logistics systems, the construction of regional information platforms, etc. The way, the integration effect of logistics resources can be greatly improved, and at the same time, the logistics industry is accelerated and upgraded.

### **3.3 Third-party Logistics Company Should Strengthen Service Quality to Enhance Core Competitiveness.**

Logistics enterprises must strengthen the quality of logistics services, enhance their core competitiveness and seize market resources. Generally speaking, the most intuitive feeling of customers for logistics is to receive goods safely, quickly and promptly, At the same time, the quality of the delivery staff also directly affects the customer experience, So, Logistics enterprises improve the quality of logistics services is benefit to improve customer satisfaction, and then, cultivate a good market reputation is good for improve the efficiency of business operations and achieve sustainable development. In the trend of diversified logistics, logistics services have a new lease of life. With the logistics infrastructure continuous improvement of China and the growing maturity of the national transport network, we believe that service quality will become the focus of the future logistics industry. Big data, cloud computing and AI are the most advanced technologies at present. If the third-party logistics enterprises will able to a higher level of the future development of China, they must layout these three technologies in advance. Combining the traditional logistics industry with big data, cloud computing and AI is also one of the important trends of China's logistics industry in the future.

## **4. The Current Main Problems of the Third-party Logistics Industry in China.**

China's logistics industry started late, although the logistics industry has developed rapidly in recent years, compared with western developed countries is still in a considerable gap. The development of the third-party logistics industry in China still have several outstanding problems:

### **4.1 The Construction of the Logistics System is not Perfect.**

At present, the construction of China's logistics platform is not perfect, the construction of intelligence and information technology is lagging behind, and the warehousing planning and transportation system still have many shortcomings. As a result, the information circulation of the warehousing and transportation system is not smooth, it is leads to low efficiency and difficulty in logistics and hard to ensuring timely understanding of the service process makes, it difficult to fully grasp the demand of the logistics market, which is not conducive to the further development of third-party logistics.

### **4.2 Lack of Overall Planning and Innovation Reform in Logistics Network Construction.**

Traditional outlets lack overall planning, and there is a lack of comprehensive planning on how to plan the size of outlets, what outlets should be established in the region, and how to plan properly. The overall reform and development of the third-party logistics industry has been seriously hindered, and the development of third-party logistics and industrial upgrading are inevitably affected. Therefore, in the new economic environment, third-party logistics enterprises should carry out scientific planning, comprehensive reform, and more reasonable establishment of outlets for regional outlets, laying the foundation for the development of third-party logistics.

### **4.3 Lack of Logistics Talents.**

Judging from the current demand for third-party logistics development, the gap in professional talents in third-party logistics in China is still large. The demand for various professionals and compound logistics talents is also increasing. The demand for logistics talents in colleges and universities in China is about 300,000-400,000, and the demand for advanced logistics talents is

growing at a rate of 15% per year. However, the overall quality of third-party logistics practitioners in China is still low, and the composite logistics talents are seriously lacking. The bottleneck of talent problems is becoming more and more prominent in the development of third-party logistics in China.

## 5. The Development Strategy of China's Third-party Logistics Industry Under the New Economic Environment.

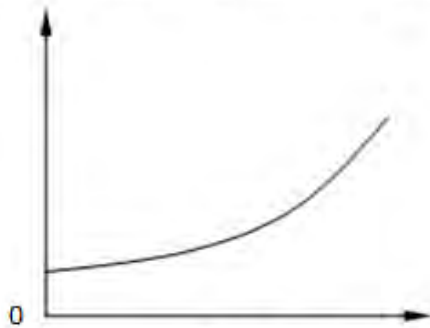
### 5.1 Improve China's Third-party Logistics Development System.

In the new era of rapid development of information technology and network technology, China's logistics industry is developing in the direction of diversification, intelligence and modernization. The development of third-party logistics relies on the logistics distribution system. Therefore, we must attach importance to the construction of logistics integration and build a rational and scientific logistics park, so that the logistics park can meet the increasing logistics demand and realize the integrated development of logistics, loading, unloading and warehousing, effectively reduces logistics costs and improves logistics efficiency.

In logistics enterprises, warehousing and distribution centers are responsible for the organization and management of a series of logistics activities; whether the planning of warehousing and distribution centers is reasonable, not only affects the service level and service quality of logistics enterprises, but also affects the economic benefits of logistics enterprises.

According to the data analysis, the planning level of the logistics enterprise warehousing and distribution center has the following relationship with the service quality of the enterprise and the economic benefits of the enterprise operation, as shown in Figures 1 and 2 respectively.

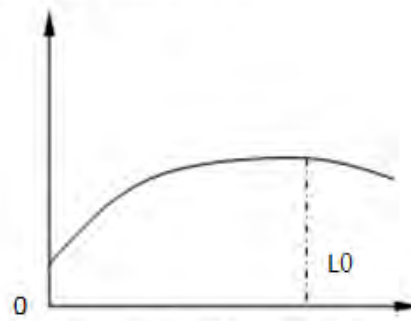
The service quality of enterprise (S)



Planning level of warehousing and distribution center for logistics enterprises (L)

Figure 1. LS correlation diagram

Economic benefits (E)



Planning level of warehousing and distribution center for logistics enterprises (L)

Figure 2. LE correlation diagrams

It can be seen from the above figure that the service quality and operational economic benefits of logistics enterprises are closely related to the planning level of the warehousing and distribution center. Therefore, the third-party logistics enterprise's efforts and self-improvement process require scientific and rational planning and design of its warehousing and distribution center. Thereby realizing the optimal allocation of resources, reducing logistics costs, and improving logistics efficiency, thereby promoting the development of the third-party flow industry towards modernization and integration.

### 5.2 Optimizing Regional Network Services.

Traditional logistics outlets usually have direct contact with enterprises, and there are few direct contacts with consumers, resulting in low consumer participation and low satisfaction. Therefore,

logistics enterprises should set up corresponding types of outlets according to the needs of regional services, expand the services of regional outlets through self-operated and non-self-operated models, and integrate customers into the terminal links of logistics and distribution. For example, third-party logistics companies can establish a variety of self-operated outlets such as brand stores, self-service points, lockers, and image stores to enhance corporate image and facilitate customers to receive goods, improve efficiency and improve customer satisfaction. degree. In addition, logistics companies can also establish external resource cooperation points, agent points and other means to cooperate with property, school enterprises, convenience stores, etc., to expand regional network services, and then form a development model of multi-industry cooperation and coexistence. Provide consumers with more professional and comprehensive services. In this way, not only can we continue to maintain the advantages of each industry's own services, but also form complementary with each other, which can satisfy consumers' increasingly diversified consumer demand to the greatest extent, and at the same time shorten the logistics enterprises and customers. The distance between them improves logistics efficiency and service quality.

### **5.3 Aligning with the International Community to Realize the Internationalization of Third-Party Logistics in China.**

Nowadays, the global economic ties are getting closer and closer, and the cross-border cooperation of enterprises seeks common development has become a new development trend. Therefore, for modern logistics enterprises in China, we must cater to the international development needs. The government should actively encourage enterprises to learn from foreign developed logistics enterprises, accelerate the upgrading and transformation of China's third-party logistics industry, by learning the advanced experience of developed countries, we can find out our own shortcomings, and then develop a logistics system and services suitable for China's development. Let China's third-party logistics develop internationally, and gradually narrow the gap with developed countries.

### **5.4 Vigorously Cultivate Comprehensive Talents and Use Technology to Drive Innovation and Development.**

For any industry, talents and technological innovation are important foundations for the future development of enterprises. Compared with logistics enterprises in developed countries, we can easily find that in addition to the gaps in equipment and technology, there is still a big gap in ideas and knowledge. Therefore, China can only build third-party logistics suitable for China's development by continuously learning advanced foreign experience and applying its advanced technology to improve the quality of logistics practitioners. Nowadays, advanced technologies such as big data, cloud computing and artificial intelligence are becoming popular. Third-party logistics companies should combine them to accelerate the construction of information platforms and realize the comprehensive informationization and intelligent development of the industry. At the same time, the government should guide and encourage enterprises to carry out independent innovation based on market demand, while paying attention to the research and development of new technologies. Besides, we must keep up with the international trend and introduce internationally advanced logistics technology. In the logistics industry, technological innovation requires continuous establishment and improvement of relevant personnel training and management systems. With the progress of society and the development of science, logistics enterprises lacking intellectual talents have become difficult to stand on. Looking at the world, almost developed third-party logistics companies have high-quality professional logistics talents without exception, and their knowledge reserves are also very rich. So, The Chinese government should encourage universities to set up logistics-related majors in accordance with the requirements of social development, and to transport talents for logistics enterprises. Logistics industry practitioners should use a variety of training and learning courses to enrich their professional knowledge, accelerate the transformation of logistics knowledge and scientific and technological achievements into corporate knowledge reserves, and improve employees' knowledge and corporate culture. While, strengthen international exchanges and cooperation, select personnel with a certain basic knowledge of logistics to study abroad and master

advanced logistics knowledge. On the other hand, the logistics industry must also find ways to introduce talents and retain outstanding talents to better achieve technological innovation.

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