

# SWOT Analysis and Development Strategy of China's Cross-Border Logistics Enterprises

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## Abstract

The continuous deepening of supply side structural reform has provided an important impetus for the development of cross-border e-commerce on the demand side. However, the rapid development of cross-border e-commerce cannot do without the support of cross-border logistics enterprises. This paper adopts the SWOT analysis method to analyze the advantages, disadvantages, opportunities and threats of cross-border logistics enterprises, and then get the benefits, disadvantages, opportunities and threats of cross-border logistics enterprises in China. Recommendations for the development path and utility analysis of logistics enterprises.

## Keywords

SWOT Analysis; Cross-Border Logistics Enterprises; Development Strategy.

## 1. Introduction

The deepening of supply side structural reform has provided an important driving force for the development of cross-border e-commerce in the demand side. However, the rapid development of cross-border e-commerce cannot be separated from the support of cross-border logistics enterprises. Ren Ling and others believed that the integration of cross-border e-commerce and logistics industry chain should be carried out, and the integration process should be analyzed from three aspects of technology, business and operation, and effective methods for the smooth integration and development of cross-border e-commerce and logistics industry should be put forward. Ben Youhong and other researchers analyzed the feasibility of optimizing the development of cross-border e-commerce logistics mode under the new normal, and proposed the development path of cross-border e-commerce logistics model to promote the international development. At present, the existing problems in the research mainly focus on the strategic level of the main cross-border logistics enterprises. Based on the SWOT analysis of China's cross-border logistics enterprises, this paper chooses the development strategy that is conducive to the cross-border logistics enterprises.

## 2. The SWOT Analysis of China's Cross-Border Logistics Enterprises

SWOT analysis, also known as situational analysis, is built on the enterprise's own established internal conditions to analyze and propose corresponding countermeasures. The following is a detailed analysis of the strength, weaknesses, opportunities and threats for China's cross-border logistics enterprises' development pathways provide direction.

### 2.1. Advantages

(1) Support from the government to innovate financial policies. In the 13th five year plan for the development of foreign trade, the State Council pointed out that the eligible cross-border circulation enterprises should be supported to raise development funds through the establishment of financial companies, listing financing, issuance of non-financial enterprise debt financing instruments and other means. Accelerate the construction of a payment platform

to meet the requirements of the development of modern circulation modes such as cross-border chain operation, cross-border logistics and distribution, cross-border e-commerce, and further improve the payment efficiency on the premise of ensuring security. Improve the efficiency of cross regional exchange of funds and the security of bills, and provide a strong basic financial policy guarantee for the development of cross-border logistics enterprises.

(2) The construction of logistics information service platform for import and export foreign trade enterprises has been continuously improved. At present, China has made a significant breakthrough in the construction of logistics information platform for import and export foreign trade enterprises, and the ability to deal with cross-border logistics information has been continuously strengthened. At present, China is at the leading level in logistics information processing ability, and the scale of professional logistics and express service has been further expanded. Most regions in China have the ability of professional cross-border logistics service.

(3) There are more and more cross-border logistics talents. Because of the fast technology update and the long time of talent training, many schools pay more attention to social practice and interdisciplinary training, and build a teaching practice base with enterprises. Enterprises takes turns to guide students how to operate and operate, so as to cultivate students' practical operation skills. The professional level and practical ability of students can also meet the needs of enterprises.

## 2.2. Disadvantages

Compared with developed countries such as Europe, America and Japan, the concept and technology of logistics management are relatively backward. Most enterprises have realized the importance of logistics cost control, but there are still unreasonable phenomena in varying degrees.

(1) The transportation cost is too high and lack of reasonable planning. The main indicators to measure the operational performance of logistics companies include transportation route planning, transportation vehicle scheduling and vehicle loading rate. The management of cross-border logistics enterprises in China is weak and the technology is general. In practice, the loading rate is often low or even no-load, circuitous driving, and drivers arrange their own driving routes will, resulting in high transportation costs. In addition, the large fluctuation of oil price also causes difficulties for enterprises.

(2) The level of information technology is low and the software market is scarce. The informationization of China's logistics industry started at a lower level. The informationization of cross-border logistics enterprises has become the primary bottleneck of the informationization development of China's logistics industry. The lack of funds has been perplexing the development of cross-border logistics enterprises, which make the enterprises have more than enough efforts to improve the information system. There is a lack of software market suitable for cross-border logistics enterprises, and various enterprises have different requirements for software, so it is difficult to develop a "standardized" scheme to meet the requirements of various enterprises. The lack of strategy, many cross-border logistics enterprises generally lack a clear development strategy, even if there is a certain strategic plan, it has not been implemented or the implementation effect is poor. If the leaders' understanding of logistics of informatization is not enough, the informatization of cross-border logistics enterprises is just a mirror image.

(3) The storage of goods is unreasonable and lack of management standard. Many logistics enterprises put their goods in disorder and it will, which can't save space, cause goods collapse and damage goods. In addition, it is also common that goods are hard to find and time-consuming during inventory checking. For this reason, it is necessary to formulate specifications for stacking goods, such as: stacking shall not be ultra-high or overweight, stress shall be even, wood shall not press paper, large shall not press small, heavy shall not press light,

label shall be outward, arrow shall be upward, and channel shall be reserved. In order to realize the reasonable layout of the warehouse, we can use some technical methods of industrial engineering for reference, effectively utilize the space, and improve the working efficiency.

(4) The marketing concept is weak, and the market positioning is inaccurate. Most of the cross-border logistics enterprises in China have relatively weak marketing and service concepts, lack of research and grasp on customers' consumption psychology and consumption requirements, lack of relevant marketing knowledge, weak awareness of enterprise promotion and publicity, and some of them only rely on some stable customers or passively stay in the original marketing stage of "waiting for customers to visit". Some enterprises know little about the demand situation of the market segments, and the market positioning is vague, which leads to the loss of customers. Enterprises should understand the market demand and the situation of competitors, combine their own conditions, accurately position their products and brands, strive for innovation and win customers.

(5) There are a large turnover of personnel and a lack of professional talents. Although most of the current managers of cross-border logistics enterprises have some experience, their educational background is relatively low and their management level is not high. In addition, the daily workload of employees is large and the salary is low, which makes the mobility of enterprise personnel very large. Generally, there is a lack of logistics professionals, but they do not have the ability and dare not invest too much cost to carry out relevant knowledge training. This leads to lack of understanding of logistics development trend management mode and effective market demand, and the lack of development ability and innovative thinking. In practical operation, the staff of logistics front line are faced with problems such as "no one is in charge, no one is in charge, and the management is not good".

### 2.3. Opportunities

(1) one belt, one road economic strategy. Under one belt, one road, the international strategic corridor, the central city and the key overseas economic and trade cooperation zone will vigorously build logistics centers and bonded warehouses, encourage enterprises to set up overseas warehouses, supplement the short board of cross-border e-commerce logistics and storage, and reduce the cost of cross-border logistics enterprises. Support the cooperation between domestic cross-border logistics enterprises and foreign investors, introduce advanced service concepts, improve service capacity, promote international production capacity cooperation, promote all-round cooperation between China and relevant countries, inject new impetus into the development of foreign trade, expand the market demand of cross-border logistics enterprises, and bring huge business opportunities to the development of cross-border logistics enterprises in China.

(2) The need for the transformation of domestic traditional foreign trade enterprises. In the operation of traditional foreign trade enterprises, the development of cross-border e-commerce is the only way of transformation, and the successful transformation needs the strong support of cross-border logistics enterprises. In order to improve the support of cross-border logistics enterprises to the e-commerce of traditional foreign trade enterprises, cross-border logistics enterprises need to help cross-border e-commerce enterprises grasp relevant information of goods transportation in time by providing timely information of goods transportation, meeting the logistics network of all goods transportation and appropriate logistics prices. Only by improving the efficiency of logistics path serving e-commerce can we meet the need of transformation of domestic traditional foreign trade enterprises.

(3) The consumption market of cross-border e-commerce platform is strong. With the enhancement of consumption ability, the local goods have been unable to meet the needs of people. Consumers can obtain information of goods from all over the world through the network to meet the diversified needs of consumers. By the end of 2016, the overall transaction

scale of China's import and export cross-border e-commerce (including retail and B2B) had reached 6.3 trillion yuan. By 2018, the overall transaction scale of China's import and export cross-border e-commerce is expected to reach 8.8 trillion yuan. Therefore, the consumption market of cross-border e-commerce platform in China is in a state of sustained and rapid growth, which provides a strong impetus for the development of cross-border logistics enterprises.

## 2.4. Threats

(1) Foreign logistics enterprises bring competitive pressure. A large number of foreign-funded enterprises have seized the domestic market and launched fierce competition with domestic logistics enterprises. Their survival and growth directly affect the healthy and stable development of the logistics industry. How to "dance with Wolves" and draw lessons from advanced enterprise management methods and modern management concepts from foreign-funded enterprises is the direction of reform and development of logistics enterprises.

(2) There is a certain gap between the potential logistics demand and the service ability of logistics enterprises. Influenced by the original planned economy system, most logistics enterprises have developed from traditional transportation, warehousing and freight forwarding organizations, with weak system functions, low level of logistics technology and informatization, weak value-added service ability, and ineffective sharing of information resources between enterprises and customers, resulting in insufficient potential demand.

(3) The impact of technological progress on cross-border logistics enterprises. Although the progress of science and technology brings opportunities to enterprises, it also brings severe challenges. With the development of science and technology, the risk of technological innovation is increasing, the capital investment is increasing, and the innovation cycle is becoming shorter and shorter. Due to the late start, small scale and relatively weak anti risk ability of cross-border logistics enterprises, they often have concerns in the face of technological innovation, preferring to choose conservative and stable technology to follow the strategy rather than innovation. The cross-border logistics enterprises in China are limited by their own economic strength, and the vast majority of enterprises spend little on technological innovation.

## 3. Research on the Development Path of China's Cross-Border Logistics Enterprises

### 3.1. Cross-Border Logistics Model Aspects

At present, the existing logistics modes include: Overseas warehouse, border warehouse, goods collection logistics, free trade zone or bonded zone logistics, international logistics special line, and the fourth party logistics. The cross-border logistics mode of overseas warehouse is conducive to direct local delivery, shortening the delivery time and reducing the logistics and distribution cost, but the construction cost is too high. The cross-border logistics mode of the border warehouse is conducive to reducing customer warehousing and logistics costs, improving logistics efficiency, etc., but it will generate huge trade risks due to changes in the local political environment. The mode of goods collection logistics uses the advantage of scale to reduce the cross-border logistics cost, which is conducive to reducing the logistics cost and improving the overall efficiency, but the timeliness is relatively low. Free trade zone or bonded zone logistics model is conducive to reducing transaction costs, simplifying operation procedures and free trade of goods, but not conducive to the operation and management of B2C mode. International logistics special line mode is conducive to avoid customs clearance and commodity inspection risks, improve efficiency and reduce costs, but limited to regional logistics.

### 3.2. Logistics Integration Aspects

In order to win in today's highly competitive environment, cross-border logistics enterprises must implement integrated logistics management, including customers and suppliers. This collaborative expansion effectively coordinates the inventory and information flowing between each link of cross-border logistics enterprises, thus improving the overall logistics operation efficiency and solving the problem that cross-border logistics enterprises can't meet customers' requirements for delivery time and place for a long time.

### 3.3. Big Data Aspects

Today's cross-border logistics enterprises, no matter large cross-border logistics enterprises or small cross-border logistics enterprises, a basic current situation is that the number of customer groups is increasing, resulting in massive data, which makes cross-border logistics enterprises unable to quickly adapt to the needs and traceability of customers. If cross-border logistics enterprises want to be able to accurately respond to orders and trace ways, they must integrate with suppliers based on big data analysis, provide accurate information for the whole supply chain from the source of goods to customers, feed back to customers in time, and meet customers' demands.

### 3.4. Government Aspects

According to the current development status of cross-border logistics enterprises, at this stage, our government is actively formulating laws and regulations to adapt to the development of cross-border logistics. In the future, our government will continue to work hard to break the management system of block and block, strengthen the tacit understanding and coordination between various government departments, and practically increase the policy support and implementation of cross-border logistics enterprises in terms of supervision, funds, laws, taxes, etc. So as to determine the policy basis for the development of cross-border logistics enterprises in China and improve the level of government departments in managing cross-border logistics enterprises.

## 4. Conclusion

The establishment and optimization of logistics distribution system are related to the success or failure of market competition of logistics enterprises. Based on the analysis of the opportunities and threats, internal advantages and disadvantages brought by the external environment, this paper puts forward four measures to improve the internal and external environment: cross-border logistics mode, logistics integration, big data, and government. It is of great practical significance to enhance the core competitiveness of China's cross-border logistics enterprises.

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