Research on the Optimization of E-commerce Logistics Service

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ABSTRACT

This paper uses the current situation of e-commerce logistics service as the entry point and summarizes three characteristics of e-commerce logistics service. This paper then analyzes the main problems of the self-run logistics or outsourcing logistics, and puts forward some suggestions on the optimization of Chinese e-commerce logistics service in accordance with its characteristics.

Keywords: E-commerce logistics services; Optimization strategy; Reverse logistics

1 Introduction

The e-commerce completes online transactions with the help of electronic information and other technologies, but after the transaction, we need use logistics to complete the spatial displacement. That is to say, in the process of e-commerce, follow-up service of logistics is indispensable. According to the data provided by the China e-commerce research center site, at the end of 2016, the volume of transactions in China’s e-commerce market has reached 22.97 trillion yuan with year-on-year growth of 25.5%. Among them, the transaction volume of enterprise online shopping accounts for 73 percent with year-on-year growth of 20.1%. With the development of e-commerce, the demand for e-commerce logistic services has been continuously increasing, which is mainly reflected in logistics cost, efficiency and customer satisfaction. E-commerce and logistics are mutually support. On the one hand, the development of e-commerce needs logistics’ support. On the other hand, e-commerce becomes an important business content of logistics which improves. The basic modes of electrical business logistics service are the self-run logistics and outsourcing logistics.
This paper analyzes both patterns and their problems, and then puts forward some corresponding optimization strategies in order to promote the healthy development of Chinese e-commerce.

2 The current situation of e-commerce logistics service

The electrical business logistics, which is based on physical goods information, effective customer information and all logistics information of online shopping transaction, provides customers with the most satisfactory logistics services through technical means, and pursues relatively lower logistics costs and higher logistics efficiency. Through investigation, we find that the current situation of electrical business logistics embodies the following three characteristics:

(1) The customers of electrical business logistics service vary greatly. The B2B customers are more geographically concentrated due to the larger volume of single order, which is conducive to the full play of the scale effect and improving the satisfaction to the service through the continuous improvement of the service. The B2C or C2C customers are more geographically dispersed due to the smaller volume of single order and great variety of commodities. Different customers have different demands for e-commerce logistics services, so the flexibility of service has become a prominent feature of e-commerce logistics service. For example, different customers have different delivery requirements when refund or exchange the goods: some customers require high cost performance for price, and some customers have higher requirements for time. Thus it can be seen that the customers of e-commerce logistics service are obviously different which requires the flexibility of e-commerce logistics service.

(2) The high time efficiency and across localization of e-commerce logistics service. Since the online shopping has higher potential risks than shopping in the physical store, clients are looking forward to the delivery and seeing the real goods as soon as possible after the transaction which can reduce the emotional distress that they have in mind. Therefore, customers have high demand for the time efficiency of e-commerce logistics service. On the other hand, customers trade on a variety of e-commerce platforms, and the buyers and sellers are usually cross-regional, so the logistics service brought by the transaction is also transregional.

(3) Reverse problem of e-commerce logistics service. Customers shop online after seeing the virtual commodity images. But sometimes the goods received don’t live up to the customers’ expectations and decide to return the goods, which leads to the problem of reverse logistics of e-commerce logistics. Normally the customers place orders. Then the e-commerce customer service send the order information to the logistics department to make delivery. Finally the customers receive the goods through services in various links. This is the forward logistics. Reverse logistics will inevitably arise when the goods received are damaged or incorrect, or the quality is not in conformity with the expectation. Service cost associated with reverse logistics has become one of the issues focused by both parties under the background of the seven days' no-reason return and replacement service promised by e-commerce. In the absence of freight insurance this issue can be solved through negotiation. Therefore, with the fast increase in transaction volume of e-commerce, the reverse logistics business volume is also growing rapidly.

The above three are characteristics of e-commerce logistics service. The basic models of e-commerce logistics service are self-run logistics, outsourcing logistics, and self-run and auxiliary outsourcing logistics. E-commerce enterprises with a certain scale, such as Jindong mall, will adopt the self-run logistics model. The advantage is that the enterprise has better control over logistics, and the logistics service helps improve its competitiveness in the industry. However, the disadvantages are that the logistics input and storage cost are high, and the specialization degree is low. The advantages of outsourcing logistics are the low
logistics cost and construction investment, and high specialization. But its shortcomings are also very deadly. For example logistics services are not controlled by e-commerce enterprises, so the e-commerce enterprises cannot deal with the problems in time when they arise. At present, there are a lot of small-scale e-commerce companies on taobao that can't build their own logistics system due to the limited funds and volume of business, and adopt the model of outsourcing the third-party logistics. As an example of self-run and auxiliary outsourcing logistics, Alibaba united many powerful enterprises, launched the "China Smart Logistic Network " project, and set up Cainiao Network Technology Co., Ltd which has realized various logistics services for many kinds of enterprises.

To look through the content of China's e-commerce logistics service, no matter what kind of service it is, there are still a lot of problems in the whole process of service that are worth discussing.

3 The main problems of e-commerce logistics service

Referring to the current situation of e-commerce logistics service combining with the actual development situation of e-commerce in China, the paper carries out the following analysis:

(1) The infrastructure of logistics services is poor. China's logistics industry is facing some problems such as small scale, large quantity, and poor infrastructure. As a part of logistics industry, e-commerce logistics also has these problems, which directly affect the quality of e-commerce logistics service. To reduce logistics costs, some e-commerce companies outsource logistics to third-party logistics companies. Due to logistics companies’ insufficient investment in the infrastructure, the level of logistics services is also uneven, which is reflected by the non-uniform packaging of the goods, violent sorting in transit, and the high damage and loss rate.

(2) Poor timeliness of logistics services. Regarding the self-run logistics service, e-commerce has direct and strong control on the logistics service and saves a lot of intermediate link so it can deliver the goods timely and show better timeliness. For the outsourcing logistics, the logistics service is not controlled by e-commerce enterprises but by third-party logistics enterprises. Affected by many factors, such as centralized cargo and transportation routes, the timeliness of the delivery is relatively low. Outsourcing logistics has great attraction for small and medium-sized e-commerce enterprises because of its scale advantages and low cost of distribution. However, logistics enterprises have a large number of customers, large volumes of business and low degree of mechanization. The limited staff can’t complete the delivery tasks on time which results in low timeliness of e-commerce logistics services.

(3) Reverse logistics becomes the "disaster area" of disputes. Reverse logistics dispute is one of the core issues of e-commerce logistics service. Reserve logistics brings about cost problems - who should bear the cost or whether or not both the buyer and the seller share the responsibility, is the root cause of the dispute. Although the seller promises to bear the cost of reverse logistics if it is related to quality of the goods, and the buyer will bear the reverse logistics costs arising from the his individual factors, with which the buyer will be unsatisfied especially when he believes the physical objects are far from personal expectations, and the seller should be fully responsible for the reverse logistics costs arising from over-hyping and misleading consumption. Although the insurance company develops the return freight insurance to solve the problem of the reverse logistics cost, the buyer is unwilling to purchase due to the increased insurance premium and the decreased compensation.

4 E-commerce logistics service optimization strategies

The quality of e-commerce logistics service is one of the important factors that customers take into consideration when they decide whether to shop online. It is the main task of e-commerce logistics to realize the spatial displacement of commodity and provide its logistics service according to customers’ requirements. The high quality of e-commerce logistics service
is the premise and foundation for the smooth development of e-commerce. Referring to the main problems in the process of e-commerce logistics service, the paper suggests the following e-commerce logistics service optimization strategies:

1. Improve the infrastructure of logistics services. The establishment and improvement of logistics infrastructure is the guarantee for improving the quality of logistics service. The infrastructure of e-commerce logistics services can be improved in several ways. Firstly, improve the storage quality of the goods by ways of improving the warehousing environment, accelerating the establishment of the functional warehouse, improving the modernization level of the storage equipment and enhancing the reasonable layout of the storage space. Secondly, reduce the damage and loss rate due to bad weather through improving the transportation equipment and choosing the closed electric tricycle or minivan instead of the convertible electro-tricycle according to the amount of delivery. Thirdly, better meet the needs of customers by improving the informatization level of the enterprises, introducing advanced information equipment, enhancing the efficiency and timeliness of information processing, and improving the service level.

2. Improve the logistics operation mode. It's important to focus on optimizing the distribution routes, whether the enterprise adopts self-run logistics or outsource logistics. According to the data provided by the China e-commerce research center site, in 2016, the business volume of express delivery reached 31.3 billion pieces, with a year-on-year growth of 52%. In this case, it is necessary to improve the logistics service level and improve the existing logistics operation mode. Taking scientific and reasonable distribution routes design as the entry point, the logistics cost can be greatly reduced, and the high time efficiency, high on-board rate and high rate of delivery can also be realized. According to the characteristics of e-commerce logistics, including the variety of goods and flexibility, the flexible design can be added to the logistics operation mode to better meet customers’ needs for the personalized logistics.

3. Establish a standardized reverse logistics management system. Reverse logistics involves seller, buyer, logistics company, and insurance company. In the case of not buying return freight insurance, if the reverse logistics is caused by the seller, such as sending wrong goods, quality problem, and the serious discrepancy between the real commodity and the propaganda, the logistics costs shall be borne by the seller; if the reverse logistics is caused by the buyer, for example, the real goods don’t meet the requirement, the cost of the return shall be borne by the buyer; if there is obvious damage when the goods have been received but not opened yet, which is likely to be caused by the logistics service, the buyer shall refuse to accept and the reverse logistics cost shall be borne by the seller and the logistics company through negotiation. At present, in order to attract customers, more sellers are willing to purchase the return freight insurance for the buyers. No matter who buys the return freight insurance, the cost of reverse logistics will be reduced due to the compensation paid by the insurance company. In reverse logistics management system, we need to strengthen the coordination management of insurance company, including the insurance premium negotiation, compensation procedures, and the amount of compensation so as to give full play of the reverse logistics and make reverse logistics no longer the "disaster area" of disputes.

REFERENCES