The Analysis of the Logistics Mode Decision to E-Commerce

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ABSTRACT

E-commerce is a complete process that consists of information flow, capital flow, business flow, and logistics. With the development of network and electronic technology, the information flow, capital flow, and business flow can be momentarily available through computer and network communication equipment. The logistics that must be achieved in reality become a key part in influencing the efficiency of E-commerce. Therefore, for portals, manufacturers, retailers, and logistics companies in E-commerce, the primary problem is the choice of a logistics mode. They must choose the most appropriate logistics mode according to practical situation in different environments. To B2C, this paper uses the logistics mode decision of Jingdong to find a solution for the choice of logistics mode in E-commerce and verifies the feasibility of AHP on such solution. To C2C, this paper introduces Taobao Logistics Po and other logistics modes.

Keywords: Analytic Hierarchy Process (AHP), Business to Customer (B2C), Company to Customer (C2C), E-Commerce, Logistics Modes

INTRODUCTION

On November 11, 2011, e-commerce giants launched a great shopping promotion on Singles. The data provided by Jingdong Mall showed at Singles promotional period from November 1 to November 11, the daily orders of Jingdong Mall exceeded 400 000, up over 290% over the same period last year. Morning, November 11, 2011, just during the beginning eight minutes, the transactions from Alipay of Taobao Mall exceeded 100 million Yuan, 20 minutes to achieve 200 million turnover, 439 million transaction volume in one hour. Taobao Mall Official statistics showed that during the Singles, the number of orders exceeded 20 million, the transaction volume on Singles exceeded 3.36 billion, nearly four times to the same date last year (Sina, 2011).

With the innovation of e-commerce marketing, the continuous improvement of electronic support and after-sales service, the expanding of the size of e-commerce website, whether a logistics system can match that sales QOS become very important. With the rapid growth in the order, the splitting sales territory expanding,
the capability of logistics to meet the need for expansion of e-commerce website has become an urgent need to improve. For B2C websites, self logistics or outsourcing model has once again been put on the desktop, the paper will analyze the pros and cons of self logistics and outsourcing model to B2C Company. The paper used Jingdong Mall as an example, to evaluate its choice of logistics model, for an attempt to use analytic hierarchy process facing such decisions. To C2C Company, there are several popular logistics modes, each selection should based on own situation.

**DEVELOPMENT STATUS OF E-COMMERCE LOGISTICS**

In research released in 2010, the Chinese online shopping annual data release showed that the scale of China’s online shopping market transactions in 2010 amounted to 498 billion yuan, an increase of 89.4% compared with 2009, the size of transactions accounted for the total retail sales of social consumer goods from 2009 2.1% to 3.2% in 2010; in the same time, the size of the online shopping users reached 148 million, possessing 30.8% of Internet users (Iresearch, 2011). Shopping site towards the direction of the scale, brand, platform development, the B2C enterprise will compete in the advertising resources, user resources, upstream sources, and human resources.

**The Problems of E-Commerce Logistics**

As a major business pattern in the 21st century, the e-business has growing rapidly in our country in recent years. Various types of online shopping websites offer different kinds of commodities to customers and satisfy their unique demands. However, the lack of knowledge to the concept, importance and use of logistics and the imperfection of logistics management system lead to the bottleneck of logistic distribution. The main problems arises are shown below.

**The Imperfections of the E-Commerce Logistics Infrastructure**

1. **Hardware facilities:** Modern logistics is the key to successful implement electronic business where the logistics infrastructure is the foundation for modern logistics. The logistics infrastructure roughly refers to highway, railway, harbor, airport, and internet communication. Although the logistics industry has developed fast in these years and gained some progress in our country, there is still a large gap between developed countries and China. The infrastructure is out of date and the electronization of logistics is still in primary stage, they cannot fulfill the demand for a growing electronic business.

2. **Software facilities:** The informationization process is a crucial part which determines the logistics distribution performance of electronic business and our country has a weakness in this area. Modern information technology like electronic data exchange, bar code, geographic information system and GPS are all not developed into application by far. Also, the delay of information delivery and incomplete employment of information are other indicators of imperfection of software weakness.

**The Shortage of Logistics Complex Talent**

Logistics talent are people who are above management or control level positions in a company, they are distinguished from normal logistics employees. According to Educational Department’s report: in 2010, the demand for logistics talents who have a degree than junior college is about 300 to 400 thousand people while demand for training of full-time employees is about 1 million. Only 15% of the demand si for design and decision people, 25% is for people above bachelor degree and 60% of them is for
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