Chapter 2
Research on the Innovation Mechanism and Model of Logistics Enterprise: A Chinese Perspective

Zhang Mu
Jinan University, China

Li Wenli
Jinan University, China

Luo Jing
Jinan University, China

Ye Xiang
Jinan University, China

Ren Congying
Jinan University, China

Wu Chengjuan
Jinan University, China

ABSTRACT

Logistics is a newly developed field in the service industry; it is growing rapidly in the world and is regarded as the fundamental industry and artery in the national economy. The level of its development is an essential measurement for judging a country’s modernization level and overall national strength. It works as an accelerator in the economic development. As in the initial stage of transforming traditional logistics service to modern logistics service in China, logistics enterprises have encountered difficulties and problems including the imbalanced supply and demand for logistics service in the market, distempered industrial structure, faultiness of serving process and lagging of logistics technology, since 2005. Compared with the developed countries, there exists great gaps between the Chinese logistics enterprises and the advanced level in the aspects of service concepts, service model, service content and service techniques. So the authors analyze the innovation model integrated logistics, logistics technology and

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INTRODUCTION

The focus of current enterprise competition is no more the competition of entity products, but the service competition. So it urges enterprise to take customer and service as the guidance to gain competitiveness by service innovation. Peter F. Drucker (1985) thinks innovation is not a technology term but an economical and social word, and its judgment standard is not science or technology but a reform of the economy and society, a value as well. Therefore, his definition of innovation is to reform output capacity of resource or change the value and satisfaction of clients gained from resource. He also pointed out that innovation is not something happened in organization, but a reform out of the organization. It should be measured by its impact on environment. It is not necessarily to happen, of course, it is not totally accidental, and people should actively seek the chance and try to realize innovation. Therefore, innovation is the cognitive response to outer environment, competitive situation and change of customer demand. It can be the innovation of product and service; it also can be their combination and innovation of process and method which include mentality innovation, technology innovation, organization innovation and market innovation etc.

Logistics service is the important element of customer service, and its value is realized by the utility of time and space, 7R (Right time, place, commodity, quantity, quality, price, condition) is the concrete embodiment of its value realization. With the change of environment, the value based on logistics service features can not describe the nature of logistics service; it needs to extend many value-added activities, such as package, the third party logistics, distribution, circulation processing, barcode and information and so on. In other word, logistics service value refers to traditional time and space value; it also contains service-added value that provides competitive strength in the market. Traditional time and space value is the qualification element of market competition, while value-added logistics service is the dominant element of competition. In fierce market competition, people need to innovate logistics service in order to realize value-added logistics service.

Nowadays, domestic logistics enterprises can barely meet the need of logistics service and competition. The lack of service type, poor service, absence of service mentality seriously impedes the development of logistics enterprise and industry. As the core of logistics industry, service is also the product offered by logistics enterprises. In terms of service, Chinese logistics enterprises should continuously innovate enterprise service model, improve service level and capacity and increase service competitiveness. As for Chinese logistics enterprises transferring from traditional storage, transportation industry, it is full of significance for enterprise development and industry growth to strengthen service innovative mentality and improve innovative competence. This article aims to study the mechanism and model of service innovation in Chinese logistics enterprises based on the analysis of drive element of logistics service innovation.

logistics network model, value-added service model, based on the service innovation driving force theoretic framework. At last, the authors selected Shenzhen China Overseas Logistics Co. LTD (COL) as the empirical objects to analyze its character of the technology and non-technology innovation, and summarize its inner and outer driving force on promoting the service innovation. Thereafter, the typical service innovative model based on innovative driving force has been discussed.