

Chapter 50

Competing Through Logistics Management: Studies on E-Retailing in China

Yaqiong Lu

Xi'an Jiaotong-Liverpool University, China

Zheng Liu

Xi'an Jiaotong-Liverpool University, China

Lei Ma

Nanjing University of Science & Technology, China

ABSTRACT

In the past 10 years, e-commerce and e-retailing have developed rapidly in China, the largest emerging country. Due to the increasingly more competition in this industry, a fast and reliable delivery is important to win customer satisfaction. Despite of the fact that many e-retailing companies are running virtual network by outsourcing logistics to third parties, there is also a trend for companies to establish their own logistics channels. In fact, self-owned logistics can be an effective approach of marketing and customer relationship development, and thus provide competitive advantage. This chapter focuses on how Chinese e-retailing companies compete through logistics management. It starts with an introduction of e-retailing and logistics management from practice and literature perspectives. Then, there are cases studies into successful Chinese re-retailing companies with a highlight on their logistics management models and customer satisfaction based on initial survey. Further discussion will address the critical issues of logistics management in e-retailing.

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INTRODUCTION

In the last decade, China has revealed great development of e-commerce, especially in the B2C market. According to China E-Commerce Research Centre, the e-commerce market reached the total scale of 1.8851 trillion in 2013 with an increase rate of 42.8%, compared to 1.3205 trillion in 2012. E-commerce has now occupied 8.04% of the total domestic consumption%. Statistics imply that e-commerce is gradually changing the lifestyles of individuals, and e-retailing, especially B2C, may play an increasingly significant role in the future. Along with the expansion of B2C, some challenges and problems emerge, such as network security, online payment, and logistics service. At present, most researches focus on network security and online payment, while there is no significant improvement in the aspect of logistics service. Admittedly, logistics service is a vital part of the whole industry chain of e-commerce. Some leading Chinese B2C company such as JD has built their own logistics to enhance the capability of logistics service. At the same time, traditional logistics enterprises are attempting to take advantages of B2C market. Although the scale of logistics has experienced significant development, yet researches on the evaluation of the quality of B2C logistics services have not formed. Under these circumstances, it is quite important to establish such systems and methods to help improve the logistics services of e-retailing companies. Based on this background, this chapter will focus on how Chinese e-retailing companies compete through logistics. Specifically, it will address the following issues: 1) What are the current business models of logistics management in Chinese e-retailing companies? 2) How to evaluate the performance of e-retailing logistics from customer perspective, consisting of speed, feasibility, service attitude and quality? 3) How can e-retailing companies improve their logistics management to meet customer need?

LITERATURE REVIEW

Current literature can be reviewed from the areas of e-retailing, logistics management and service quality. In particular, it will find out how theories are built along with the retailing sectors from traditional model towards e-commerce. In addition, the role of logistics management is critical in supply chain management, as companies sometimes compete by providing fast logistics with high quality. Since e-retailing nowadays is more customer focus, the service quality and how it is linked with customer satisfaction has also attracted academic research. Key theories along with assessment models can help to generate further studies on the emerging issues.

E-Business and E-Retailing

The theory of e-retailing can be explored as a combination of retailing and e-business to achieve company competitive advantage, with studies based on Porter's frameworks (1980, 1985) – cost leadership and uniqueness, and supply chain management and operations, in particular risk management. Retailer business as a service sector is highly influenced by customer acceptance. The central competitive advantages of traditional food retailing business are regarded as price, quality (including customer service) and convenience (Morschett et al., 2006). The key success factors of retailer in e-commerce are highlighted as the quality of customer reception, as explored in the French grocery “drive-in” sales outlet (Colla and Lapoule, 2012). The topics of supply chain and relationship management are also covered in

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