ABSTRACT: The New Technological Revolution, which is chiefly characterized by the rapid development of information technology, is rapidly expanding. The "Internet +" wave is now sweeping all aspects of social and economic activities, and the in-depth development of e-commerce provides a rare opportunity for new third-party logistics, as well as proposing even higher requirements on logistics services. In such an environment featured by rapid development of e-commerce, however, logistics in Linyi City, China, is facing a series of realistic problems such as large amount of scattered operators, single-function services which lack differentiation, out-dated mode of collection on delivery, increasingly serious air pollution, etc., Given the current situation, the logistics companies and trading enterprises should join hands to form an alliance, to strengthen horizontal communication and take the road of joint development. Besides, the government should play its role in constructing a public logistics trading platform, and promote logistics transportation means to transfer to green and environmental ones.

KEYWORDS: Logistics; E-Commerce; Linyi City.
Under the e-commerce mode, the circulation time and cost of goods are mostly occupied by the link of logistics, which determines the width and depth of e-commerce development to a great extent.

In Linyi City, China, trading logistics is an important part of the regional economy. Since China’s Reform and Opening up, Linyi’s shopping malls, starting from scratch and expanding from small to big, have experienced great changes from being stall-type farmers’ markets and trading markets under shed, to professional wholesale markets and professional wholesale cities, and, finally to the modern International Trade City. Linyi City pioneered a unique development road of mutual promotion among business, logistics and industries, and of secondary industry being driven by tertiary industry, which is distinguished by regional logistics being driven by professional wholesale market, industry being driven by trading logistics, and industrious clusters being based on trading logistics. This road not only is relatively in line with the economic development law of regions with backward economy which are mainly based on agriculture, but also well fit in with the big development trend of merchandise trading markets, the big development of export-oriented manufacturing industry after China’s entry into WTO, and other opportunities. By taking this development road, Linyi has quickly grown into a domestically famous trading logistics city. This development pattern is similar to that of Zhejiang province to a certain extent.

According to incomplete statistics, currently, there are more than 1,000 commodities wholesale markets of different kinds, among which, there are about 60 ones whose production value exceeds 0.1 billion Yuan; besides, the number of the directly employed in the markets is 0.15 million, and the daily customer flow exceeds 300 thousand. The business scope of the markets covers a wide variety of areas, including consumer goods, production materials, agricultural and sideline products, etc. The commodity trading here has radiated to more than 30 provinces and autonomous regions of China, as well as over 30 countries and regions in Asia, Africa and Europe. As of 2014, the transaction sum achieved by these 101 professional markets in Linyi City as a whole, had reached up to 268.74 billion Yuan.

Corresponding to large trading markets, Linyi City has a relatively solid basis in terms of logistics industry. The rapid trading development and prosperity of Linyi City is inseparable from its powerful logistics industry as the support. Linyi’s logistics and trade has been accompanied by each other, and promoting each other, and existing and surviving side by side. This is due to Linyi’s trading development pattern. Compared to Yiwu’s Trade City, Linyi’s has more comprehensive commodity varieties, which include not only various means of livelihood, but also means of bulk production. With the help of e-commerce, many intermediate links can be cut in the business development of Means of livelihood. Both B to B, and B to C e-commerce modes can be adopted, besides, the express logistics system covering the whole country can be used. Speaking of how to realize e-commerce-based trade of means of bulk production, offline convenient, and low-cost logistics transport system should be equipped as a support. Currently in Linyi city, only about 30% of all the goods being sold are produced locally, and this percentage is significantly low as opposed to that of Yiwu City. Thus, it can be said that Linyi City is still adopting the mode of “Buying countrywide and selling countrywide”, which proposes even higher requirement for the maturity of its logistics industry. At present, it is a new trend, as well as a demand for logistics companies to carry out in-depth collaborative cooperation in information sharing, equipment sharing, rule-making, risks sharing, etc., Of course, although there are still other factors restricting Linyi’s e-commerce development, such as talent, policy, there is no denying that logistic is a major bottleneck.

Compared to e-commerce, the traditional models of trade is featured by high capital occupancy rate, restricted business district, the relative concentrated customers, offline price negotiation, information asymmetry, price opacity, high credibility risk, and difficulty in expanding scale, etc.. In order to meet the requirements posed by the age of informatization, in 2009, a large comprehensive e-commerce platform, Linshang.com, was built in Linyi, to provide enterprises with whole-process e-commerce services, including information, online trading, logistics and distribution, financial services, import and export services, etc., Currently, its registered members has reached over 250 thousand; the product information included has exceeded 200 million; and daily visit has exceeded over 0.1 million. In 2014, the e-commerce transaction sum of just one district of the city, Lanshan district, exceeded 20 billion Yuan, among which, the Lanshan online shopping mall’s total transaction amount accounted for 17 billion Yuan, an increase of 150% compared to last year. Furthermore, logistics in Linyi City has achieved initial success. The establishment of such a large-scale e-commerce platform has opened up a new road for the development of Linyi’s trading industry, as well as providing a wholly-new opportunity for the vast trading practitioners.

In recent years, with the rapid development of e-commerce, Linyi’s trading industry is faced with new opportunities and challenges. Along with the growing popularity of e-commerce, the trend of disintermediation in commercial trade has become
increasingly evident. In the previous years when traffic was not very convenient, and the information was not completely symmetrical, both buyers and sellers were heavily dependent on large wholesale logistics centers as the medium of transaction. Thus, the smoothness of trading channels and cooperation among trading centers serves as precondition for vast producers to survive and develop stronger, particularly for those consumer goods, agricultural material products, and some parts characterized by low unit price, small size in batch, frequent purchase, and scattered final consumers. Nevertheless, with the rapid development of internet and the abrupt rise of e-commerce, both buyers and sellers have become less and less dependent on intermediary agent, which, sometimes, in turns become a burden and obstacle for cost reducing and high-speed circulation of goods. Under such circumstance, the trend of disintermediation in trading logistics, which becomes more and more evident, has become an inevitable course for the age of economic technology to grow into the stage of “Internet +”. Linyi’s logistics precisely follow the mode of “buying and selling countrywide”, thus it is facing a severe challenge in the big wave of disintermediation, and it becomes an urgent task for Linyi’s trading industry to transform and upgrade its mode.

3 THE PROMINENT PROBLEMS EXISTING IN LINYI’S MODERN LOGISTICS DEVELOPMENT

3.1 Logistics operators are many and scattered, most of them relatively small in size

Just in the areas adjacent to West 13th Road, Linyi City, there are about 2,000 large or small logistics businesses gathering, some of which serves only as a simple functional branch office. Most logistics companies, medium or small in size, find it difficult to achieve economies of scale and conduct horizontal cooperation. As logistics companies feature strong asset specificity, and most logistics branches are dispersed in layout, it is difficult to give full play to economies of scale and synergy effect. Besides, as different elements belong to different logistics companies, they tend to fight for themselves and resort to “rat race”, causing the fact that various advantageous resources are hard to be shared and resources vacancy rate is too high. Due to the lack of an alliance of mutual trust, information fails to be smoothly communicated among companies and sometimes vicious competitions are also seen among them, which is not conducive to long-term healthy development of the logistics industry

3.2 Function is single, and the differentiation level of services is not high

Logistics and trade can be said to rely on each other. A major problem faced by trading enterprises is how to grasp the focal point of service and how to further enhance the added value of services. Currently, customers have stricter and stricter requirements for the time of delivery. In order to ensure the smooth delivery on time and enhance customer satisfaction, JD.com (China) has made huge investment to build its own logistics system. However, currently in Linyi City, many of the logistics routes provide only station-to-station logistics freight transport, which means that the receives have to go to the logistics station themselves to pick up the goods they have bought online. In short, the services provided still stay at a low level, customer demands are far from being satisfied, and the so-called logistics services here are, in fact, as simple as freight transport. Besides, enterprises fail to attach importance to some of service links with relatively high added value such as information feedback, customer financing, characteristic packaging, market prediction, etc.. Still, in logistics transport, the level of informatization is far from high. Most enterprises still adopts the elementary operation mode—receiving orders by telephone and allocating them by computer, while it is difficult for them to conduct data mining and analysis. What they are now offering, frankly speaking, are often the most basic transport services whose added values are considered the lowest.

3.3 The credibility issue is comparatively serious, and absolute safety can not be guaranteed for collection on delivery

The mode of collection on delivery is faced with great difficulty. Collection on delivery can be said to be a distinctive feature of trading logistics in Linyi city. In earlier times, this mode well promoted the development of Linyi’s trading logistics. In recent years, however, due to the low requirements for the entry into logistics industry, the disordered competitions within the industry have been serious. In the context of price competition, collection on delivery has become an important source of profit for logistics enterprises in Linyi, as by adopting this mode, enterprises can not only charge an additional fee for collection on delivery (ranging from 1%-3%), but also achieve financial intermediation to some extent. But in recent years, impacted by the decline of macro economy, the businesses of logistics enterprises have declined as a result. Some of the logistics enterprises, whose capital and credibility are not stable, have committed breach of contract— inability to cash the payments for collection on delivery, thus bring great shock to the reputation of Linyi’s logistics industry as a whole.
3.4 Negative consequences like traffic jam, air pollution, are caused

The rapid development of e-commerce brings both challenges and opportunities to the logistics industry. Because of Linyi’s underdeveloped rail and air transport, large amount of freights need to be transported by road haulage. As a result, many large transport carts shuttles in Logistics Parks. The exhaust gas emitted by these heavy vehicles constitutes a major source of air pollution, which brings great pressure for air quality improvement and the tourism industry. The data from Beijing Environmental Protection Bureau, show that in Beijing, emissions of motor vehicles is the largest source of PM2.5 locally, accounting for 31.1% of the total pollutant. We can thus be bold in predicting that the percentage in Linyi City should be larger than those of the above-mention cities, as in Linyi, there are huge amount of local cars, as well as a mass of non-local cars and heavy vehicles coming in and out of the city.

4 COUNTERMEASURES AND SUGGESTIONS FOR THE DEVELOPMENT OF MODERN LOGISTICS IN LINYI CITY UNDER THE BACKGROUND OF THE BIG DEVELOPMENT OF E-COMMERCE

4.1 To form a strategic alliance with trading enterprises

The combination of e-commerce with modern logistics is an inevitable road for the further development of professional market, and trading industry and logistics industry. However, as different professional wholesale markets specialize in different varieties and scopes, there is no universal method in combining of e-commerce with modern logistics. Rather, they should act according to their own actual situations, give full play to their own strengths, and choose differentiated development roads. In Linyi city, there are a variety of professional markets which specialize in about a million of varieties of goods. Besides, the level of standardization of goods sold here is relatively low, which means the difficulty to form an integrated business logistics mode heavily relying on e-commerce. Currently in Linyi, e-commerce, which has achieved rapid development, has begun to take shape. Linshang.com, for example, has assumed the characteristics of “e-commerce and logistics that rely on each other” early when it was founded. If trading enterprises intends to carry out e-commerce activities, they cannot do without the support from safe, convenient, and economical logistic industry; meanwhile, logistics industry can take full use of the relatively mature e-commerce transaction mode of trading enterprises, to improve their informatization levels, thereby further decreasing operation costs, and improving management level and service efficiency.

4.2 To provide more differentiated and versatile value-added services

The rapid development of e-commerce has put forward higher requirements on logistics industry. E-commerce-based enterprises do not only expect logistics enterprises to provide distribution services, but also require them to assist themselves to better serve their own terminal customers, perfect their after-sales service, and conduct customer demand research and other value-added services. The traditional logistics industry mainly involves transport, distribution, storage; however, with the development of e-commerce, manufacturing enterprises and trading enterprises have to closely follow the changes in customer needs, to provide differentiated products and services, which means that logistics enterprises should also keep pace with the age. In the process of e-commerce, logistics enterprises can collect massive market information, and by processing the information, it is easy to obtain business information and intelligence rich in value. Furthermore, modern logistics enterprises, as the professional third party, should provide personalized and differentiated logistics services for customers, to enhance the added value of logistics industry, so as to extend and expand the value-added chain of logistics.

4.3 To strengthen horizontal communication, and take the road of joint development

In Linyi, there are as many as 101 professional markets which serve different industries, and sell different varieties in different batches. Under the e-commerce mode distinguished by numerous and diverse information, the third-party logistics enterprises should possess powerful operation and management. However, the local logistics industry is confronted with a series of issues: scattered operations, low level of organization, weak horizontal cooperation, ad lack of large scale and socialized logistics center.

Although there are many operators, most of them are self-employed ones scattering everywhere, making it difficult to give full play to the overall synergistic effect. Besides, in logistics system, there are many specialized assets. For example, some special vehicles, tools and information exclusively belong to different logistics enterprises, which make it difficult to share and make full and efficient use of resources, so as to achieve economies of scale. One instance can be of reference: In the small commodity market of Yiwu, China, scattered logistics resources have been integrated to establish a joint forwarding company, to combine storage, and forwarding stations with over 160 forwarding routes...
leading to large and medium-sized cities of China, thus forming a modern logistic system based on traditional logistics, which helps form a concerted effort and enhances the core competitiveness of enterprises.

4.4 To promote logistics transport means to shift towards green and environmental ones

Linyi should actively promote the construction of South Shandong (Province) High-Speed Rail. Convenient transport is foundation for the emergence and development of wholesale markets in rail transit cities. In Linyi, logistics transport is excessively dependent on road. With China’s leapfrog development in transportation infrastructure, in particular, the establishment of high-speed rail network, Linyi’s advantage in transport has been weakened to a certain extent. Since April 1st, 2014, high-speed rail express has been operating officially. China Railway Express has set up high-speed rail-based courier services in 154 cities, which means that China's domestic high-speed rail-based courier network has initially formed; besides, it is to be seen that others cities included in the routes of high-speed rail network will successively start the courier services based on high-speed rail. High-speed rail transport is distinguished by many advantages like public transportation, weather-proof operation, and high punctuality rate. Thus, Linyi should actively promote the construction of South Shandong (Province) High-Speed Rail, and put it into operation as soon as possible, so as to add new weight to the development of its modern logistics industry. Besides, Linyi should promote the application of LNG freight cart, to improve the level of environment protection in terms of road transport. Compared to diesel oil, LNG is a clean and environmental fuel used for freight vehicles, which hardly contains sulfur, dust and other harmful substances, and emits much less carbon dioxide than that of diesel oil. In Linyi, LNG vehicle fuel should be comprehensively promoted, and the gasification process should monitored, which is an important measure to alleviate environmental pressure and improve air quality in a fundamental manner. Furthermore, LNG, once selected for transportation fuel, can help decrease fuel cost by 30%-40%; while the fuel cost accounts for approximately 30%-50% of the overall transportation cost. Still, due to slowdown in China’s macroeconomic growth, logistics industry is facing tremendous pressures in terms of cost, while it becomes a realistic option for Linyi to promote vehicles which is based on clean energies as represented by LNG automotive fuel.

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