

Comparative Analysis of the Development Strategy of Air Logistics in Chinese Private Express Delivery Enterprises

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Abstract: *As the economy of our country grows steadily, the desire for express delivery in the country is also increasing. Along with the changes in the new generation of consumer means and the development of science and technology, China's air express delivery has developed rapidly, bringing new market development opportunities to Chinese local logistics companies, and also brought survival challenges. Standing on the forefront of the times, explore how China's private express delivery breaks in the air express field. Today, the air express business has gradually become the most intense field of struggle for express delivery companies. Highly time-sensitive service and high quality of safety are the tools to attract consumers. However, the high cost of air transport also constrains the development of express delivery companies. Today, with the development of private freight transport enterprises, how to rationally develop air cargo has become a top priority for freight companies. This paper mainly focuses on the two logistics groups represented by SF Express and Yuantong, which are the most representative of the domestic express freight market, by collecting and integrating relevant data and using SPSS software for simulation analysis to predict different strategies and impacts.*

Keywords: air express; SF; four links; development strategy

1. Introduction

1.1 Topic background and research significance

As China's economy continues to flourish, the material life of the Chinese people is extremely rich. With the improvement of the infrastructure, we can eat the fresh lychee of Lingnan and the oysters of Huanghaime without leaving the house, all of which are due to the development of the express company.

However, as the arbitrage space shrinks, the express delivery industry is highly competitive. To be successful, you need to firmly grasp the consumer and improve user stickiness through efficient and efficient service. This paper studies the development of aviation logistics by studying SF, a leading company in the express delivery market.

SF Express and its competitors "Tongda Department" freight companies are gearing up for more market share. Unfortunately, the basic equipment of air express delivery has an unbearable and unattainable price for many companies. This hard threshold makes it difficult for many companies to develop in this field.

This article uses a sample of a number of private freight logistics companies such as SF, Yuantong and Shentong to understand the development history, development status and development trend of China's and even the global aviation logistics industry, so that more Chinese local logistics express enterprises will become more clear. Seeing the weaknesses and deficiencies of our own existence, we can more accurately grasp the future development direction of China's air express, look for those lost magical techniques, and stand alone in the express market, laughing at market competition. For our students, as a new logistics person,

knowing more about the knowledge of the air express industry will play a vital role in our future development in the logistics industry, so that we can be more targeted in our study, job search and work. Find your own direction.

As an important part of modern logistics, the express delivery industry is like a network of accessibility, weaving our new life. From a metaphysical point of view, express delivery creates jobs, and metaphysically it changes the course of human life. From the slash and burn, the ruthless blood, to the steam, the miles. It is no exaggeration to say that express delivery has created a new world.

As early as the Sui and Tang Dynasties, the station passed the letters of the court and went to the Escort of the Ming Dynasty. This is the predecessor of the modern express industry. Although it has different needs in different time and space, it is safe and efficient. At the end of the 20th century, the express delivery service market is full of a large number of courier courier companies, along with the market's big waves. To this day, the express delivery market is gradually standardized, but the smoke of competition is far from being dissipated. Compared with the past, the transportation means and the mode of transportation are still the pursuit of safety and efficiency, and the two are conquered by express delivery companies. The ace of the consumer. However, the high cost of air express delivery is a high threshold, blocking many companies with more market share. Not only that, as China's express delivery market is gradually opening to the outside world, express delivery companies continue to compress profits in exchange for a more abundant market quota, and the future is as dark and elusive as the deep sea. However, life always blooms on the darkest soil.

Treat unfavorable conditions as a reason for giving up or

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use it as a known condition for solving problems. This article is intended to explore the new road of private logistics development in China by understanding enterprises such as SF Express and Yuantong.

2. Air Express

2.1 The connotation of air express

Air express is a process in which a company or an individual express unit uses a plane or a variety of aircraft to carry out long-distance transmission. And these express delivery agents, through advanced technology to ensure delivery. Products that are expensive, time-sensitive, and highly protected are primarily delivered via air express.

2.2 Brief history of the development of air transport

When "Flighter 1" broke through the blue sky of 1903 and traveled to the sky, it opened the sky of world aviation history. The Europeans pioneered the early air transport in 1909. In the early days, it was only the transfer of passengers. Later, the transmission of parcels and military supplies appeared. By 1911, the British had flown from Degan Peninsula to Australia with a plane carrying a large number of letters, achieving the first air transport. After the Second World War, all countries in the world paid attention to recuperating and developing people's livelihood. The scrapped military aircraft were sold for civilian use, and these favorable conditions laid the foundation for air logistics. As the General Agreement on Tariffs and Trade promotes the wide-ranging integration of markets, resources and energy, air express delivery is booming. In the 1990s, there was an obvious feature of air transportation. It was the growth situation caused by the eager eagerness. The transmission of travellers was extremely fast, but the demand for transportation of goods was twice. By the beginning of the 21st century, the air cargo market continued to expand like a vast universe.

The world's air logistics changes like the sangtian and the sea, and China's air express industry is also catching up. In 1918, the new Republic of China and the German, American, and Red Soviets established an aviation market. However, due to the conditions of war and economic weakness, only 35 airports are used for air transportation. At the beginning of the founding of New China, many airports were destroyed by war and urgently needed to be rebuilt or rebuilt. Eight years after the founding of the People's Republic of China, the New China government has had 118 aircraft of various types. By the beginning of this century, the government passed the aviation management system reform program, began to deregulate, and established three major aviation groups. In 2005, China gradually opened up the aviation market in accordance with the WTO Agreement. In one year, a number of overseas capital registered air express, entered and set up a company, about six.

The opening of air traffic control is like unblocking the shackles of the ban on the shackles, making the aviation

industry rush to the beautiful and reasonable heaven. In recent years, as China has gradually become more and more prosperous, in order to strive for higher world hegemony, China will further upgrade the competitiveness of our civil aviation core. By 2012, China has 183 certified airport-operated goods, 46 air service companies, 36 state-owned companies, and 10 self-employed companies. Among them, there are 46 air transport and delivery companies, the whole industry has achieved a cargo and mail throughput of 5.45 million tons, and the total turnover can reach 16.389 billion tons.

2.3 Characteristics of air express

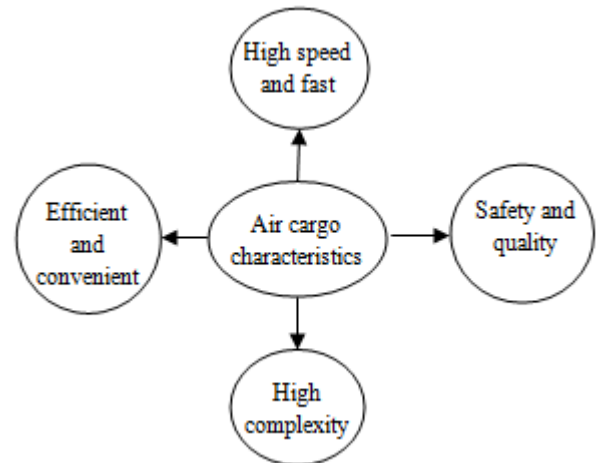


Figure 2.3.1: Air Express Features

Aviation logistics is a modern integrated logistics service model. Compared with other logistics modes such as roads and railways, it has the following characteristics:

- 1) The high speed and speed of air logistics transportation: The carrier used in aviation logistics is the crystallization of human civilization wisdom: aerial flight machine. To date, the aircraft is still one of the most capable of all transmission vehicles. Most of the aircraft that rely on anti-impact force have an hourly displacement of less than 1000 kilometers and more than 800 kilometers per hour. Compared with land transportation, the theme train and car air transportation are 7.5 times faster than they are compared to sea transportation. The cargo ship is almost 25 times faster. Moreover, with the increase of the road, its advantages are more obvious, and the advantages of quickness are more obvious. Air Express has greatly optimized the time consumption and can quickly meet market demand and seize market opportunities.
- 2) Safety and high quality of aviation logistics: Compared with other logistics vehicles, the aircraft can still give us peace of mind. According to aviation statistics in 2009, the accident rate in the country is even less than one percent, close to one million times without appearing once. In addition, flying in the stratosphere, extremely stable, without disturbance of airflow, can guarantee the quality of the goods. At the same time, due to the fast transportation speed of aviation logistics, the intermediate turnover of aviation logistics is less, and the cold chain effect is good, which can ensure the

transportation quality of fresh and perishable products. The lack of intermediate links means that the number of loading and unloading is small, the cold chain effect is good, and the transportation risk is small, which is suitable for transporting valuables.

- 3) Efficient and convenient air logistics: Aviation logistics relies on information technology to build an important platform, so that logistics entities such as customers, freight forwarding companies, airports and airlines can connect with each other, and it is like a circuit that will be used in world trade and cities. The same-site logistics is connected in series, truly providing one-stop service for customers' door-to-door, fully demonstrating the characteristics of agile and high-speed air express.
- 4) The high complexity of aviation logistics business: aviation logistics often comes from different countries and regions, involving customers, freight forwarders, airports, air transport companies and even customs, and requires close cooperation between multiple entities. At the same time, aviation logistics has many subtleties: logistics services such as air transmission and information processing, and the operation process is more complicated.

2.4 The development trend of air express

Air express is a great achievement of human wisdom. It is an epic of human development. It embodies the beauty of mathematics, industry and information, and the beauty of philosophy. With the deep cultivation of people in the field of information technology, it has had a dazzling effect on air express delivery, and the global use of information skills has made the rapid development of air express.

According to the 2016 National Economic and Social Development Statistics Bulletin, the "2016 China Express Development Index Report" displayed by our postal department recently showed that in 2016, the China Express Development Index (CEDI) was 538.5, a year-on-year increase of 40.8%. China's express business volume continues to rank first in the world, accounting for more than 40% of the world's total, contributing 60% to the world's express business growth. China, the sleeping dragon once again stands proud of the world. It shows that the express delivery business of the mainland continues to grow strongly, and the per capita disposable income is 6.3% higher than that of 2015, and more than half of the people's consumption expenditure is used to meet the demand for food and housing. It shows the great potential of China's freight logistics industry. At the same time, it also shows the fierce competition in China's private freight industry. In order to adapt to fierce market competition, the modern logistics industry mobilizes production factors in various fields. Air cargo is one of them. When the world culture blends with each other, the flowers are vying for beauty, and the people are no longer able to touch the whole world as in the past. People are eager for those who touch this magical blue land. Due to its unique attributes, air express has made the rapid development of air express, and its potential commercial value and development prospects are

increasingly being valued by governments and enterprises at all levels.

3. Overview of the Development of Private Express Enterprises in China

3.1 Development Status of Private Express Delivery Enterprises in China

Today's China, the generation of the turn of the century and the millennial generation gradually grow up, they are more willing to use the network to obtain the goods, such behavior has an indelible impact on China's express delivery. Today, the status of the world's largest express delivery market has been crowned by China. By the end of 2016, the State Post Bureau had released the market capacity and scale of China's express delivery business to maintain its leading position in the world.

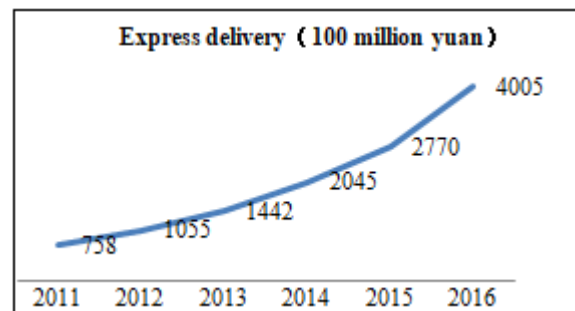
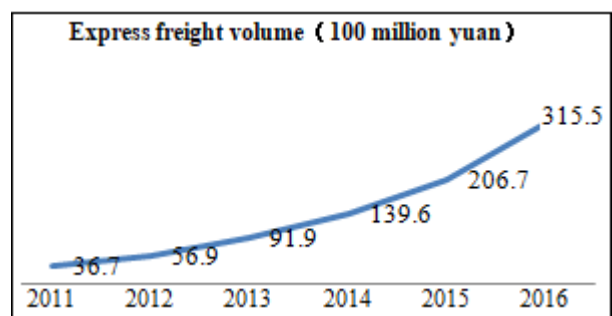


Figure 3.1.1: Express Freight Volume (100 million pieces)

Figure 3.2.2 Express Freight (100 million yuan)

From the above figure, we can know that China's freight industry has developed rapidly in recent years from 3.67 billion pieces in 2011 to 206.7 billion pieces at the end of 2015. The total express delivery from 75.8 billion yuan to 277 billion yuan indicates that China's express delivery industry has great development potential.

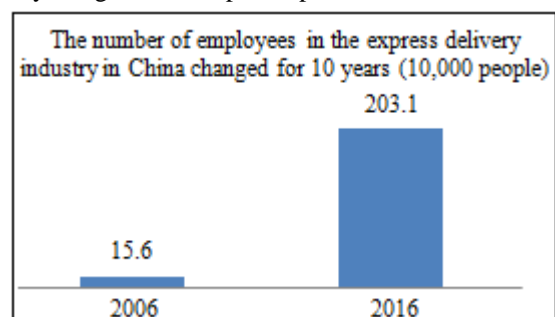


Figure 3.2.3: The number of people in China's express delivery has changed for 10 years

According to the data of the 2016 Ali Institute, the huge Chinese express industry has produced a huge ecological environment. The most basic couriers are 2.03 million, nearly 13 times that of a decade ago. More than half of the express delivery sites of e-commerce logistics accounted for more than 50%, these grassroots express outlets, of which 17.4% of the grassroots outlets, e-commerce express access has accounted for 4/5. With the release of Gorgon-level

online shopping demand, it is like a full-energy engine that brings great vitality to the express delivery industry. Feedback to the market has produced a surprising and thriving courier needs and desires. Private express delivery is as strong as a spring breeze. Growing and enriching, when the chaos is first opened, it opens up its own heaven and earth.

Table 3.2.1: Development history of express delivery industry in China

Year	1985 年	1993 年	2002 年	2005 年	2007 年
Event	China's first state-owned express delivery company EMS announced the establishment	SF and Shentong were established one after another, private express delivery started	Private express delivery develops rapidly and gradually grows	The Chinese government allows international express delivery companies to establish wholly-owned companies in China, and the international express delivery giants have deepened their business in China.	China's online shopping market is rapidly emerging, driving the delivery of express delivery to the industry by leaps and bounds.

3.2 Strategic layout of air express delivery for private freight transport enterprises

3.2.1 Strategic Layout of SF Express: Focus on the development of aviation logistics under the direct mode

The development level and development strategy of various private freight transport enterprises are different, and the logistics operation strength and scale of freight transport enterprises are also different. In the eyes of many different forms of air express operation mode, it is of utmost importance to reasonably develop an operation mode that meets its own development requirements.

Direct operation is the development model used by SF Express. Establishing a consistent call phone, uniform dressing, unified corporate culture and management throughout the country has laid a solid foundation for the company's development of air cargo business. After a unified management system, SF focused on the air cargo field:

(1) SF Company cooperates with the airport and builds its own fleet

Due to the efficient and convenient nature of air cargo, the goods can be delivered to the destination in a short period of time. The fast and efficient service can quickly occupy the market share, but the air cargo is restricted by the high cost of aviation equipment and supporting costs. Development strategy.

In 2002, SF Corporation decided to launch a high-end market layout and to strengthen resources and capacity

building. During the SARS period in 2003, the air freight rate dropped to the lowest point in history. SF Company used this opportunity to lease aircraft in China for cargo transportation. It is the first domestic domestic aircraft delivery company. After 2007, as more and more freight companies began to try to rent aircraft cabins to transport shipments, SF Express realized that it was difficult to meet the growing business needs simply by leasing freighters. So in 2007, when Wang Guan was closed in recent years, Wang Wei began to set up his own air express company. The first flight will be completed by the end of 2009.

Table 3.2.2: Development History of SF

Year	development path
2003	SF Express first rented aircraft belly cabins and cargo planes for cargo transportation, and began the exploration of air cargo.
2007	To meet the growing transportation needs and enhance the company's competitiveness. Started to set up a self-operated aviation service group.
2009	SF Airlines was formally established and completed its debut at the beginning of the year.
2011	It is qualified by the international regional supplementary operation and has the qualifications for international and regional routes.
2015	SF and the world-class aircraft manufacturer Boeing have entered into a contract for a total of 25 new Boeing 767-300D freighter orders; in addition, SF has a total of 38 air cargo aircraft available (20 rentals for 18 purchases)

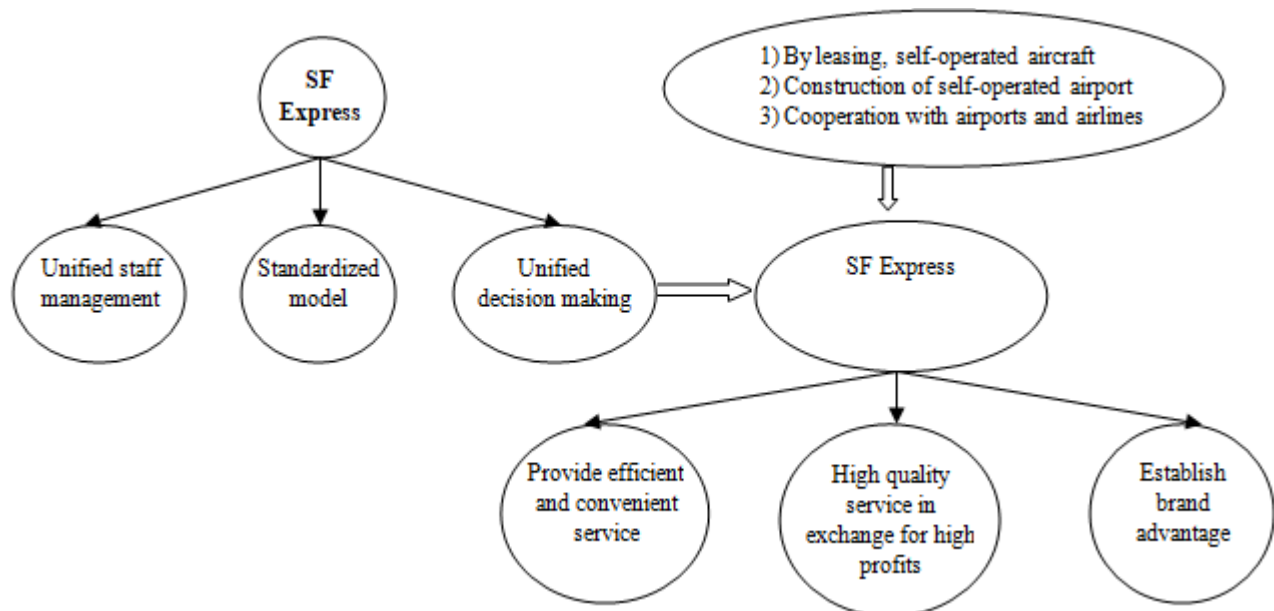


Figure 3.2.4: SF self-operated air express concept map

As shown in the above figure, the specific operation mode of the air express network built by SF Group. In the early days, through cooperation with the airport, leasing and purchasing cargo planes for air transportation, and later self-built SF Airlines, completed self-operated transportation. The dedication of the expressive and fast delivery makes a large number of high-quality guests attracted by them, together with superior investment; it is also the advantage of air cargo to attract consumers, become the brand advantage of SF, occupy market share, Based on the market, it has become an industry leader. In the end, profit returns, reinforce their services, and successfully shape the business closed-loop.

(2) Building your own cargo airport

From the success of the first flight in 2009 to the total of 38 aircrafts in 2015, SF has become the largest fleet in China. However, the growth of aviation power has continued to deepen. The sporadic and chaotic single-point transmission has gradually exposed the clues. China's territory is huge and its development is extremely uneven. The flow of goods between the north and the south is asymmetric. SF has adopted self-built airports to solve this problem. Measures.

SF chose Ezhou in the eastern part of Wuhan. The choice of Ezhou is first of all because Ezhou can be used to radiate most of China's territory and has a strong mapping capability to the western part of China. As a third-line area, Ezhou can accommodate more aircraft-centric aircraft than the international model of a better metropolis. It can also fully enjoy its own aircraft. Time resource allocation reduces the airspace conflicts within different aircraft and can be assisted by local and aviation hubs. Secondly, Ezhou is adjacent to Shanghai and other regions with the most prosperous Chinese economy. Moreover, the area in which the area is located is complete, the highway is smooth, and the high-speed railway is advanced. Finally, the construction of the new airport is entirely dependent on SF.

3.2.2 Yuantong Air Express Strategy - Expanding Service Category under the Affiliate Mode

The "Tongda Department" enterprise has always adopted the franchise model to build its own power network. Due to the low start-up cost, rapid expansion and high profitability of the franchise model, the "Tongda" company can quickly occupy nearly 40% of the market in just 10 years. However, due to the cooperation and franchisee model, the franchisee's administrative constraints are poor, it is difficult to form a close relationship, the effect quality can not be safely protected, the franchisees often do not match the head office, resulting in dramatic changes in the backbone elite, or It is free from the organization, and private express delivery companies have developed from the husband and wife shop and the brothers' square. Leading to the aviation flight field, Yuantong and other Ganzhou Group started late.

Under the global ambition of e-commerce companies, Alibaba Group and Yunfeng Fund entered the company. After receiving a strategic investment of up to 10 billion yuan from Alibaba Group and Yunfeng Fund, Yuantong Cargo began to establish its own air cargo system:

(1) Purchase aircraft and set up your own air express company

In 2015, Yu Wei successfully signed a purchase contract with the Boeing Group of the US manufacturing giant: the purchase order for the B737-800BCF model aircraft and marked the memorandum. Ordering 15 Boeing B737-800BCF aircraft at a time, followed by Yuantong Airlines, which now has three quality freighters for its own purpose. The first Hangzhou-Chengdu full cargo aircraft has been put into commercial operation, and the second and third freighters were in 2015. Commercial operations were launched in November and December. Yuantong Group has finally set foot on the road to find the highest level of express delivery.

(2) Yuantong Company reorganized the framework of the Ministry of Affairs to adapt to the changing market chess game

At the end of 2016, the Board of Directors of Yuantong Company organized and reorganized its own company. The administrative department of the revised company consisted of 12 departments. We can explore one or two from the existing consultations. We can see that the business in the sky has become the focus of the development of Yuantong.

(3) Self-built airport

In order to compete with other opponents who own the airport, Yuantong has negotiated with the Nanning Municipal Government to build its own airport. The land size is about 350 mu, which is a strategic foundation for the development of the logistics circle in the South. Become an important cornerstone and bridgehead for entering the Southeast Asian express delivery market.

(4) Establishing Aviation Logistics Research Institute

In September 2016, Yuantong Group and China Civil Aviation Management Cadre College formally established the "Air Logistics Research Institute" in Beijing. The research topics of the Aviation Logistics Research Institute will be continuous and extensive, mainly including topics that are currently closely related to the aviation economy industry. And for the air express company to study the future development direction.

3.2.3 Aviation business of Zhongtong and Shentong Express

1) Zhongtong Air Express Service:

- a) Zhongtong Express began to cooperate with the airlines to carry out charter express transportation and initially test the water express. At the beginning of 2016, Zhongtong Express cooperated with Yangzijiang Airlines to form a direct cross-border e-commerce direct line from Osaka, Japan to Ningbo.
- b) Zhongtong Express began to investigate and build air express. In 2016, Zhongtong Express cooperated with the Ministry of Commerce and the Ministry of Communications of Shaanxi Province to start the "Zhongtong Express Northwest Electric Business Park and Air Express Headquarters Project" in Xi'an Xihu Technology Innovation Park. The project is expected to use nearly 200 acres of land in its plan, and the total investment amount is expected to cost 300-500 million yuan.

2) Shentong's air express

Since 2012, China Airlines has issued a ticket to some express delivery companies, which makes Shentong Express realize the importance of owning the unit. In 2016, Shentong plans to acquire a pure-cargo airline and set up its own airline, which is awaiting approval. Compared with SF and Yuantong, Zhongtong and Shentong started late. It also sensed the decisiveness of air express delivery and decisively tried to explore the air express.

3.2.4 The rest of the private express delivery enterprises

Most of China's private express delivery companies are aware of the importance of rapid delivery of aviation. Air express can significantly reduce delivery time.

Air express delivery is relatively expensive compared to train delivery and truck delivery. For emerging express delivery companies with small market share, weak profitability and low visibility, the cost of air express delivery can hardly be afforded, so the air express delivery is basically zero.

For the express delivery company that upgrades one grade, the development of its own air express delivery is too advanced, because the business structure of these express delivery companies is mainly based on e-commerce components, and the formation of their own fleet is a "killing chicken and knives". At most, it cooperates with airlines to pack the belly compartment of the aircraft for express transportation. However, due to the imbalance of the development of north and south in China, the number of aircraft leased by many express companies cannot be filled when they return, resulting in waste of resources and improvement cost.

Compared with the companies that have invested huge amounts of money in the aspects of human resources, talent storage, and the construction of hardware and supporting systems, it is the dream of other express delivery companies that are not competitive in terms of annual profit or hundreds of millions of yuan.

With the increasingly fierce competition in the industry and the gradual decline in profits, express delivery companies are all trying to get rid of the quagmire of price wars, seize the market from service quality and speed, and secondly, in the gradual pursuit of differentiated development, in the pursuit of fresh, business and international express mail. The breakthrough, air express is the highlight of the must-have, and finally, the express delivery company wants to go global and go international is absolutely inseparable from air express. The decision of the development model of the enterprise depends on the current situation and the game that is far from the other side. It is the judgment of the express delivery enterprise to build its own unit or its own direct airport. But there is no doubt that air express is the threshold for future express company competition, and it is the only way for express delivery companies to achieve results.

4. Comparison of Private Air Express Courier Strategies

4.1. Comparison of current status of SF Express and Yuantong Air Express

4.1.1 Comparison of SF Express and Tongda Department Air Express Hardware

SF Express is a direct logistics model. Compared with the express delivery company of Tongda, the magic weapon to win the market is to rely on fast time service. With the

improvement of its business capabilities, SF has also continuously invested in air power. In 2009, SF's own airline was finally approved, and in that year, the first flight of the aircraft was successful. Just a few moments ago, SF Airlines had a fleet of wings that had already grown. Up to now, there are 18 full-time freighters that do not have to rely on others, plus 20 aircraft for aviation leasing, 38 aircraft are proud of the air express giant has been formed, and the daily throughput can reach 1,800 tons.

Table 4.1.1: Comparison of SF, Yuantong and Shentong

Project	SF	Yuantong	Shentong
2015 revenue (100 million yuan)	473.1	120.96	77.11
2015 business volume (100 million votes)	17	30	26
Single ticket income (yuan/ticket)	24	4	3
2015 net profit (100 million yuan)	16.2	7.17	7.67
Total assets in 2015 (100 million yuan)	347	62	36
Own aircraft	57	10	1

From the above table, we can know that SF has more cargo planes than the "Tongda Department" freight companies, but we know that many companies do not develop air cargo, not because they do not want to develop, but because the company's profitability is too low. Unable to bear the cost of developing air cargo. Moreover, the freight rate of air cargo is high, and it is limited by the geographical location of the airport. The cost of storing finished products and aviation facilities is relatively high. For air cargo companies with a net profit of less than 500 million, they are more than enough. Compared with SF, the number and carrying capacity of Yuantong's express fleet is currently small, but the current air express market is huge. Yuantong Airlines is difficult to meet increasingly growing demand.

Table 4.1.2: Comparison between SF Airlines and Yuantong Airlines

SF Airlines	Yuantong Airlines
<p>Fleet size: SF Airlines has a fleet of all cargo aircraft consisting of Boeing 767/757/737 models. As of December 2016, the number of its own full cargo aircraft has reached 36 (B767*4, B757*16, B737*16), renting 20 aircraft, has become the largest number of airlines operating in China.</p> <p>In January 2017, a new member was added to the SF family's extended family: a B737-300 multi-function full-time merchandise transport aircraft was added. The individual of the aircraft team has 57 members, of which more than 60% (37) belong to SF's exclusive property. And the rest are rented (20)</p> <p>Navigation capacity: 8 years ago, the air transportation range of SF Aviation can cover the whole of China.</p>	<p>Fleet size: In the early days of Yuantong, the number of aircraft owned by the company was five. Two years ago, 15 trades were purchased from overseas aircraft manufacturing companies. Just last year, the order was fully delivered, with a total of 20</p> <p>Navigation capacity: On November 24, 2015, the Yuantong Air Cargo Linan began to ship freight. In the same year, the Boeing 737-300 full cargo plane with registration number B-2608 landed at Lin'an Airport, and on July 7, 2016, it successfully completed the debut of the bulk goods.</p> <p>In the late summer of last year, a flying aircraft belonging to the "Tongda Department" was written by Boeing 737.</p>

4.1.2 Similarities and differences between SF and "Tongda Department" air express competition targets

The similarities between the two are:

(1) Because of the vast territory of our country, from the Pearl of the Orient to the desert outside the Sai, from the north of the country to the south of the country, the balance of regional development has led to a huge difference in the loading capacity of the aircraft. Thus, in economics, this is an extremely wasteful behavior, which cannot be optimally solved in advance, and does not satisfy the criteria of rational people. In domestic air transportation, the carrying capacity from east to west and from west to east is a huge gap, and the difference between the two is nearly half. Therefore, an aviation hub needs to be established to alleviate the problem of no-load. Both SF and Yuantong chose the third-tier small and medium-sized cities (Ezhou and Jiaying) as their own air cargo bases.

(2) Yuantong and SF have continuously expanded their fleets to enhance the company's aviation business carrying

capacity.

The difference between the two is:

(1) Yuantong chose Jiaying, which has a very good geographical position and covers the advantage of 90% of China's GDP. However, with Eshuang of SF as the site for the construction of the airport, Xinjiang and other regions are missing. The biggest advantage of Ezhou lies in the geographical center of the number of Chinese people and wealth. It can be seen that SF has attached great importance to this undeveloped treasure in the northwest.

(2) The business components of SF Express and Yuantong are different, and the efficiency of air express delivery is also different: Obviously, Yuantong has made a big wave of Internet shopping from the Internet, so its core business composition is e-commerce, low price and low cost, and bears air transportation equipment. More difficult. And SF's core business is which white-collar business pieces, the demand for time and efficiency, must match the air express capacity. Yu Yu took precautions and took precedence over

other “Tongda Departments” to advance the express delivery business in the aviation field to complete the strategic purpose. SF has laid out the air cargo network earlier, and has successfully built the structure of the aviation network in Shenzhen and Hangzhou. It has a nationwide route network and is planning to build a hub airport in Hubei Ezhou.

(3) Different market positioning. The express delivery of SF Express is mainly commercial, and SF is positioned as a mid-to-high-end market. The requirements for timeliness of business parts are high, so we must focus on the development of air express. The "Tongda Department" is more of e-commerce parts, and the timeliness demand is lower. Therefore, the development of "communication" is more for the future development.

The “Tongda Department” freight companies other than Yuantong are more likely to cooperate with airlines to lease aircraft cabins for transportation. Among them, Zhongtong is developing cross-border e-commerce, and Shentong wants to follow the example of Yuantong to establish its own aviation business company. However, in addition to SF Express's self-operated air express for many years and Yuantong has begun to lay out its own aviation strategy, and slightly smaller, the rest of the company only stayed in the initial stage of building its own aviation strategy.

4.2 Impact of different air express delivery strategies

4.2.1 Air express delivery improves timeliness and the resulting impact on the present

As we all know, today's express market is fiercely competitive, and it is gradually falling into a price war. The profit margin is gradually reduced, and the market can arbitrage less and less opportunities. In order to survive, enterprises must improve the quality of service. In the field of express delivery, high-speed, safe and complete delivery of goods to customers is the only way to improve service quality. As we mentioned earlier, air express is a way to improve speed and safety. However, due to cost reasons, different express delivery companies can only choose different air express delivery strategies. So in this section we will discuss the different impacts of different air express delivery strategies.

SF Express vigorously develops air cargo. When other cargo companies' cargo and mail tools are also transported by road and rail, SF Express has achieved all-weather air transportation and won an overwhelming victory in service timeliness. By air express delivery, invalid and meaningless and necessary garbage time is continuously compressed in the air express. More than 400 air routes are efficiently deployed throughout the entire operation. The powerful company control makes transportation usually have powerful and superior service effects, ensuring that every link is delivered in an optimal route, which perfectly realizes the express delivery "now invented" Beautiful wish. Due to the ability of a thousand miles, a large number of consumers are also fancy this point before choosing SF

Express to deliver the goods. As shown below:



Figure 4.2.1: Average number of days required for on-time delivery by major express delivery companies in 2015

As shown in the above figure, in 2015, SF Express's national on-time delivery time is only 1.786 days, which means that the goods can be delivered to customers in less than 2 days, and the “Tongda Department” express delivery company is also the fastest 2.5 days for Yuantong. . At the National Eleventh E-Commerce Shopping Festival, all the express delivery companies wanted to share a piece of the feast. As shown below: We can clearly see that SF has laughed at the entire express delivery industry with a minimum of 26.6 hours.

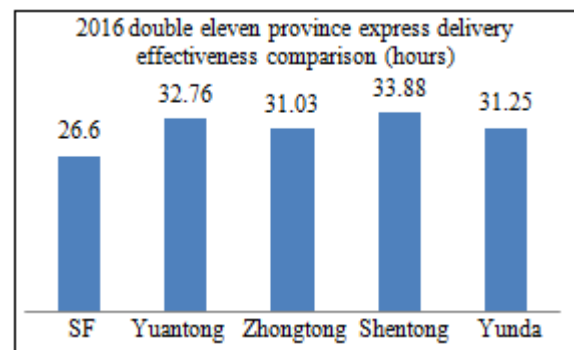


Figure 4.2.2: 2016 double eleven express timeliness comparison (hours)

The direct impact of SF Express's efforts to build its own airlines is that SF Express has the fastest transmission efficiency in China and the world, and it has become the most direct impression of SF on the outside world – high efficiency, high quality and high quality.

Since efficient service will inevitably attract customers, everything that SF has done will inevitably be fed back to SF's market share and corporate profits.

As shown in the following figure: At present, China's “Tongda Department” freight group accounts for 37% of the national market share. The “Tongda Department” relies mainly on the low-cost, flexible and convenient, fast-expanding franchise model to gain a large market share.

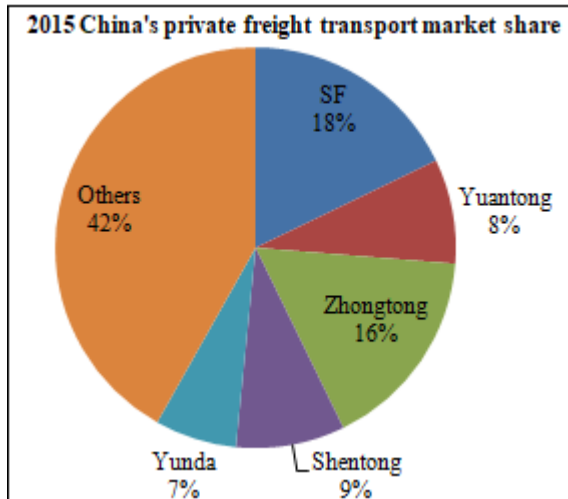


Figure 4.2.3: Market share of China's private freight transport enterprises in 2015

Compared with the “Tongda Department”, SF is taking a costly direct operation mode. Not only that, after changing the management model, SF has always been interested in the construction of time-sensitive functions, taking the essentials of self-construction and self-management to strengthen the strategic layout of air expresses belonging to SF Express and vigorously develop efficient services. However, only looking at the market share is not enough to explain the impact of the aviation strategy on the company's manufacturing revenue. For this we take a look at the operating income of different express delivery companies.

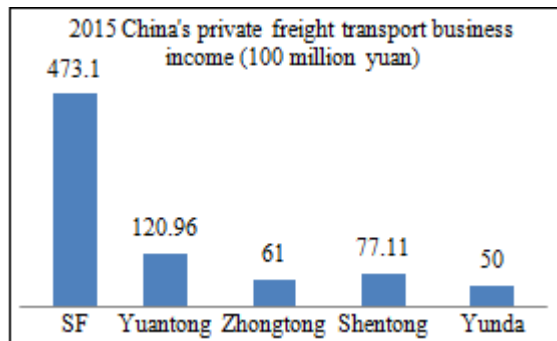


Figure 4.2.4: Different courier company's business capabilities in 2015

In terms of revenue in 2015, SF's revenue was 47.31 billion yuan, Yuantong was 12.096 billion yuan, Shentong was about 7.711 billion yuan, Zhongtong was about 6.1 billion

yuan, and Yunda was over 5 billion yuan. The market share of the “Tongda Department” accounts for about 38% of the market, while SF is 18%.

We can see that the company with the highest turnover and the highest profit is SF Express. The net profit of SF Express is 1.62 billion yuan and the net profit of Shentong, Yuantong, Yunda and Zhongtong in the “Tongda Department” are 767 million yuan, 7.1 billion yuan, 533 million yuan and 1.332 billion yuan respectively.

We can see that even the “Tongda Department” market share accounts for 38% of the entire market, nearly 40%.

However, the revenue of the SF family is higher than the sum of the other four. It can be seen that SF Express can enhance the brand value through the efficient service of air express. Through high-quality service and efficient and efficient transportation, it can attract a large number of high-quality customer groups. At a relatively high price, without a high amount of business. Make up for the lack of people's use to increase corporate profits.

All of this should be attributed to SF's leading air express competition strategy. Compared with other private airlines, SF began to deploy air express delivery in 2003, and it has been rewarded for many years. Today, in order to meet the growing consumer demand; and to reduce waste of resources, improve aircraft efficiency, and reduce no-load phenomenon, SF began to establish its own airport. Compared with other private express delivery companies, SF Express can adjust the aircraft routes according to the needs of the goods, unlike other express companies relying on the technology of the belly compartment, this move greatly improves the transportation efficiency and reduces the transportation time. SF can successfully win the highest rate of return on business, and it is also the field of business express mail with the highest requirements for timeliness.

Faced with the pressure from SF, Yuantong is not to be outdone. After getting investment from companies such as Ali, I also want to catch up in the field of air express delivery. For other companies that are slow in operation or difficult to develop air express delivery due to various reasons, it is difficult to compete with SF Express.

4.2.2 Impact of different air express competition strategies on the future

We all know that everything has two sides, and air express is no exception. The reason why air express is the threshold of many small express delivery companies is because of its high cost. In this section, we will discuss whether the cost of air express will become the embarrassment of enterprise development.

SF revenue leads the entire express market. The courier boss does not let it. However, due to the existence of air express, in order to make up for the cost, the price of SF Express is bound to be much higher than other express companies.

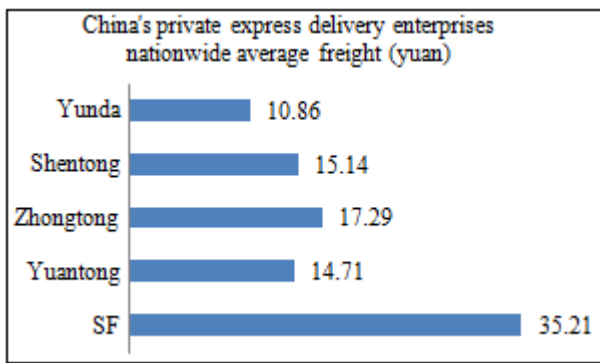


Figure 4.2.5: National average freight rate of private freight transport enterprises in China

As shown in the above figure: SF's national average freight rate is 35.21 yuan, nearly twice that of Yuantong. The express delivery industry is a price-sensitive industry, which means that performance declines as prices increase. This can explain two problems: 1. SF's market share is small 2. SF's cost is too high. Due to the high cost (maintaining fleet expenses and self-built aviation airports), SF's profitability has been weakened. Although SF is currently able to make up for its high turnover in the business sector, profit growth is declining. However, the indisputable fact is that SF's high cost of its self-built airport has slightly affected SF's profitability compared to other courier companies.

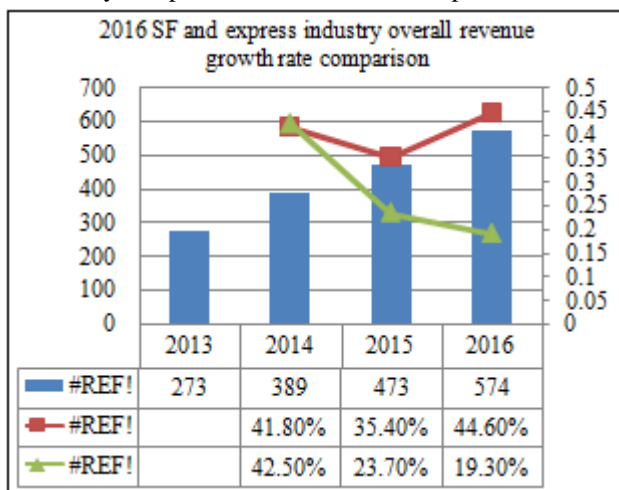


Figure 4.2.6: Comparison of overall revenue growth of SF Express and express delivery industry in 2015

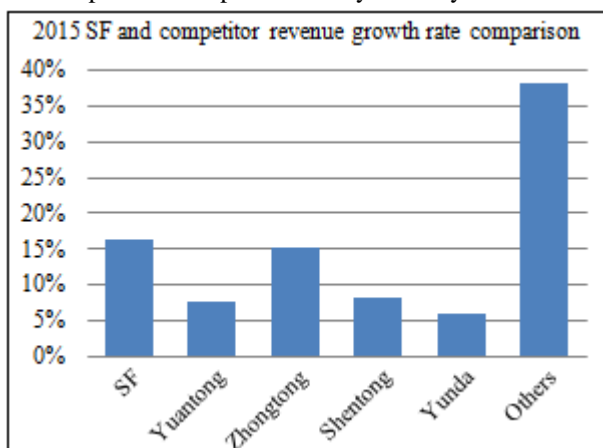


Figure 4.2.7: Comparison of SF and competitor revenue growth in 2015

As can be seen from the above chart, the growth rate of SF's revenue in 2014 was consistent with the growth rate of the entire freight industry, and after 2014, it was significantly lower than the overall industry revenue growth rate of 44.60%. The most important reason is the first: the cost of maintaining air express is too high, and it is less in the industry.

Finally, we have two self-operated air express fleets, including SF Express and Yuantong, and we are all setting up a self-operated airport to predict the future development.

First, use the SPSS software. Based on the collected revenues of SF Express and Yuantong from 2013 to 2016, we conducted a simulation forecast. After 2016, SF will calculate at an annual growth rate of 20%; Yuantong will calculate at a growth rate of 35%.

Table 4.2.1: Existing SF and Yuantong operating income

Year	2013	2014	2015	2016
SF Express operating income (100 million yuan)	273	389	473	574
Yuantong operating income (100 million yuan)	159	244	350	475

The forecast shows that the business volume forecast of SF in the coming five years is 67.309 billion, 77.179 billion yuan, 87.049 billion yuan, 96.919 billion yuan, 106.789 billion yuan; Yuantong's turnover forecast for the next five years is 598.10 billion, 72.221 billion yuan, 84.654 billion yuan, 87.003 billion yuan, 109.447 billion yuan.

SF's forecasted turnover at the end of 2017 was 67.309 billion yuan, and the forecast turnover of Yuantong was 59.81 billion yuan, a difference of 7.499 billion yuan; the predicted turnover in 2018 was 77.179, 72.221 billion yuan, a difference of 4.958; the forecast for 2019 It has reached 87.049 billion yuan and 83.419 billion yuan, a difference of 3.63 billion yuan. In 2020, SF's forecasted turnover was 96.919 billion yuan. At this time, the forecast turnover of Yuantong was 97.03 billion, almost the same. By 2021, Yuantong's forecasted turnover was 109.447, which was 2.658 billion yuan more than SF's 106.789 billion yuan.

Model	2017	2018	2019	2020	2021	
VAR00004	673.09	771.79	870.49	969.19	1067.89	
-model_1	UCL	729.12	836.76	943.31	1049.09	1154.29
SF	LCL	617.07	706.83	797.68	889.30	981.50
VAR00003		598.10	722.21	846.54	970.03	1094.47
-model_2	UCL	648.17	834.19	1033.73	1244.81	1466.10
Yuantong	LCL	547.82	609.81	658.26	695.18	721.90

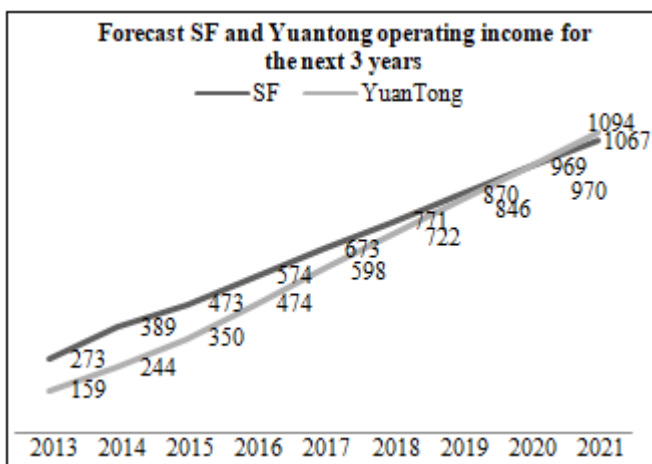
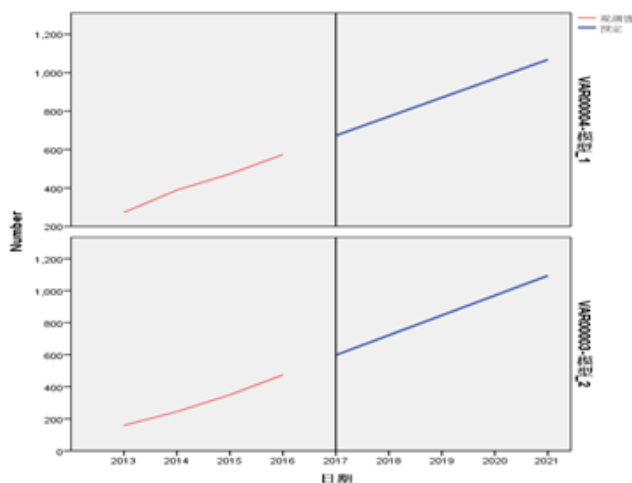


Figure 4.2.8: Comparison of SF Express's revenue between the next 5 years (100 million yuan)

According to the above chart, although YuanTong started late, it will continue to grow at the current growth rate, which may be equal to SF's operating income in 2020. SF Express develops a direct business model to guarantee service quality and increase revenue through relatively good service quality. In order to develop direct air cargo. However, compared with the way that YuanTong, Shentong and other "Tongda" freight companies use the franchise model to quickly occupy market share, SF's market share is less, and revenue growth slows down, with the gradual development of YuanTong's self-built air cargo. Operation, SF's speed advantage is relatively weak.

Low prices, and similar quality of service, for consumers, freight rates are often a more flexible thing, consumers are more sensitive to it. With the continuous development of the air cargo of YuanTong, and the SF Direct mode, the innate market share is insufficient. YuanTong has already made a comeback in terms of annual revenue growth. And SF's low market share and high freight prices have also become the embarrassment of its development.

However, everything has its most appropriate circumstances. Obviously, the extremes of the object will also occur in the field of air delivery. More and more vultures share less and less meat, so in the end, there must be vultures that will

starve to death. Obviously, there are more and more planes belonging to express delivery companies, and the airspace is so little, will it cause overload of capacity?

All in all, we must take this land deeply, rely on the people and customers, spread love and hope, better love customers, come up with new projects, attract people's attention and serve people's hearts. SF, YuanTong, which are competing in the aviation field, are all planning how to make great achievements in the sky. What will happen, wait and see.

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