

A Study on the Management Model of Deppon Logistics Company

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Abstract. With the rapid development of the economy, the modern logistics industry plays an increasingly important role in the national economy. The rapid development of e-commerce has also brought unprecedented development opportunities for the express delivery industry. However, opportunities and challenges coexist in the rapid development of the logistics industry. Factors that affect the development of logistics enterprises have gradually emerged. This paper selects Deppon Logistics, a representative logistics company in China, as the sample of the case study. This paper uses the SWOT method to analyze the development status of Deppon Logistics and summarize the existing problems in the development of Deppon Logistics. Combined with the actual situation of the company, this paper puts forward suggestions for the future development of Deppon Logistics. Deppon Logistics can improve its efficiency and sustainable development by expanding its main business scope, improving its brand influence, increasing the network coverage, and improving the human resources system.

Keywords: Deppon Logistics; SWOT analysis; development strategy.

1. Introduction

In recent years, with the progress of Internet technology, China's e-commerce platform has developed rapidly, greatly promoting the rapid development of the logistics distribution industry. In the process of the logistics industry's strong rise from the whole market, many logistics enterprises have grown rapidly and become the leading companies in China's logistics industry in a short time. Famous examples include SF Express, Yunda Express, YTO Express, ZTO Express, Jingdong Express, etc. At present, China's logistics industry is still in a period of rapid development. With the rapid development of the logistics industry, many problems should be solved. Domestic and foreign scholars have studied and analyzed the problems in the logistics industry from various angles and methods. The object of this study, Deppon Logistics, was one of the leaders in China's logistics industry in its early development. However, Deppon Logistics has gradually lagged behind other well-known logistics enterprises in the fierce competition in recent years. On July 27, 2022, Deppon Logistics was formally acquired by JD Logistics. The research objective of this paper is to find out the reasons for the backwardness of Deppon Logistics in the industry competition. Finding the problems existing in the operation and management of Deppon Logistics can help the logistics enterprises to clarify their gaps and make positive changes in the operation and management activities. At the same time, the ultimate goal of this paper is to help the whole logistics industry develop continuously with high quality and promote the effective implementation of supply-side structural reform in China's logistics industry.

Firstly, this paper first introduces the current situation of Deppon Logistics's operation and management. Moreover, this paper uses the most classic swot analysis method in the academic circle to analyze the competitive advantages, disadvantages that need to be solved urgently, development opportunities, and challenges that Deppon Logistics has in the current entire logistics transportation market. Finally, the conclusions of this study are drawn. Some feasible strategic suggestions will also be put forward for reference by other companies in the logistics industry.

2. Literature Review

2.1 Academic Background

SWOT analysis is an analysis of strengths, weaknesses, opportunities, and threats. In a fundamental sense, SWOT analysis is a decision-making process. Heinz Werrick, a management professor at the University of San Francisco, first summarized it in the 1980s. Compared with other analysis methods, SWOT analysis has the characteristics of structure and systematization from the very beginning. By evaluating its strengths, weaknesses, external opportunities, and threats, it conducts a comprehensive, systematic, and accurate study of the situation of the research object. Researchers can formulate corresponding development strategies, plans, and countermeasures according to the research results. Up to now, SWOT analysis, as a common strategic decision analysis method, has been applied in various aspects. From personal development to national development strategy, the SWOT analysis method can provide a reference for decision-makers.

2.2 Deppon Research Background

Li (2021) analyzed the operation status of Deppon Logistics and proposed to reform the internal management mode of the enterprise [1]. Deppon Logistics should build an integrated logistics system, improve the aging chain, and strengthen information construction. At the same time, it also needs to optimize the overall network layout, optimize the overall details, and constantly enhance the enterprise's comprehensive competitiveness. Zhong (2013) from four directions to enhance Deppon Logistics' heart competitiveness. Optimize business structure to reduce costs. Cultivate customer loyalty and strengthen competitiveness. Strive to go public to enhance financing ability. The Internet of Things raises the level of informatization [2]. Cao (2017) took Deppon Logistics's development strategy framework as the whole idea. She made a holistic analysis of the resources available within the enterprise. She summarized the advantages and disadvantages of the enterprise and selected the vertical integration development strategy suitable for the development of the enterprise [3]. Xu (2020) pointed out that Deppon Logistics should timely update the management concept, reposition the management objectives, and do a good job in the design and optimization of the supply chain logistics management system. To realize the sharing of resources within the company, reduce management costs, and provide customers with efficient and high-quality logistics services [4]. Li (2017) proposed that Deppon Logistics should strengthen the enterprise management research and clear corporate strategic positioning. Managers should evaluate and adjust the strategic direction of enterprise development and control the company's risk level through continuous market research and industry research [5]. From the aspect of customer management, Fu (2022) designed customer relationship improvement and customer maintenance programs to optimize customer management [6]. Xu (2022) improved Deppon Logistics's performance management level from three perspectives, including innovative management concepts, rational allocation of resources, and improvement of profit output [7].

3. Case Background

3.1 Historical Background

Economic globalization is an important reason for the rapid economic development of all countries in the world. At the same time, the express industry is also showing increasingly rapid development momentum in the global scope [3]. Express delivery integrates various functions such as information transmission, goods delivery, capital circulation, and cultural communication, which is related to production, circulation, consumption, investment, finance, and so on. It is an irreplaceable basic industry in modern society. Over the past 20 years, China's express delivery industry has gradually expanded. With China's entry into WTO and the opening up of various policies, the express delivery industry has also grown rapidly, forming three major market modules of state-owned express delivery,

private express delivery, and international express delivery. However, domestic express delivery companies are still in the initial stage. Under this situation, China's express delivery industry is facing huge opportunities and challenges.

3.2 Company Overview and Development Course

Deppon Logistics was founded in 1996. At present, Deppon Express has more than 6,000 business outlets in China, and more than 8,800 delivery trucks. The total transfer area of the company is over 1 million square meters, and its services have spread all over the country [6]. Deppon Logistics supply chain has 127 warehouses across the country with a total area of 798,600 square meters and provides integrated warehousing and distribution services for many fortune 500 companies and well-known domestic and foreign enterprises.

Deppon Logistics is a national 5A express enterprise, mainly engaged in the domestic road transport business. At the same time, it insists on the self-establishment of business outlets, self-purchase of imported vehicles, construction of optimal lines, and optimization of transportation costs, to provide customers with an efficient, convenient, safe, and reliable service experience. All along, the company has been committed to common development and growth with employees to create a win-win situation between people and enterprises. They will strive to build Deppon Logistics into the preferred domestic Express operator for Chinese people and realize the mission of "speed up China".

3.3 Current Position

3.3.1 Outdated management concept

It is still dominated by traditional warehousing and distribution modes and has made slow progress in new industry trends such as digitalization. At the same time, under the situation that new business forms and new models such as chain operation, e-commerce, logistics and distribution, smart stores, contactless distribution, and unmanned retail are constantly emerging, Deppon Logistics's strategic management does not show many characteristics of keeping pace with the times and is dwarfed by the competition with competitors such as Shunfeng and JD.

3.3.2 Unreasonable network layout

Deppon Logistics' outlets expanded too rapidly and did not carry out comprehensive planning, which led to many unreasonable layouts, such as dense outlets in eastern China and few outlets in western China, a large number of outlets in developed cities, and relatively few outlets in underdeveloped cities, or the distance between outlets was too close, overlapping customer areas, resulting in waste of resources.

3.4 Importance of management problems

It is helpful to master the current situation of Deppon Logistics's strategic management, constantly improve its comprehensive competitiveness, and change the internal management mode of the enterprise, to attract more customers.

In the business activities of enterprises, if managers neglect strategic management, they will waste a lot of human and material resources, reduce the operational capacity of logistics enterprises, and greatly increase the operating burden of the company.

4. Analysis of Deppon case based on SWOT

4.1 Strength

4.1.1 Standardized management and operation

Deppon Logistics adopts a business model based on direct stores and supplemented by the partnership mode. This business model makes the operation of the company more standardized and the behavior of employees more standardized. At the same time, Deppon Logistics carries out unified

management and scheduling for its fleet. Deppon Logistics has safe and strong transportation and distribution management capabilities and provides value-added services such as payment collection and insured transportation. It provides customers with more reliable freight business services.

4.1.2 Information logistics management

Deppon Logistics borrowed foreign information management techniques. The logistics information management system is constructed based on computer technology, EDI electronic data exchange technology, barcode technology, scanning technology, and communication technology. Deppon Logistics provides customers with a more efficient and safe information inquiry channel so that the whole logistics operation process is smooth and transparent. Through scientific and information management, the efficiency of management can be effectively improved and resources can be maximized.

4.1.3 User-friendly price positioning

Deppon Logistics's advantage is that its price is affordable and its charges are standardized. Deppon Logistics has three billing methods, which are standard express, precise card shipping, and 3.60 special fares. The unified standard billing method makes Deppon Logistics's charges more standardized. Compared with the "Four links and one up" and the higher cost of SF Express, Deppon Logistics, with its affordable pricing and uniform billing standards, offers customers a better choice.

4.2 Weakness

4.2.1 Low coverage of business outlets

Deppon Logistics has a weakness of low network coverage. Although Deppon Logistics entered the express delivery sector, using the partnership approach to rapidly expand the business network coverage area. However, Deppon Logistics's presence is far from enough to compete with the delivery industry has established "Four links and one up". When Deppon Logistics receives a delivery in remote areas, it has to send the delivery to other express companies, which not only increases the logistics and transportation cost but also fails to guarantee the safety of goods and the timeliness of transportation.

4.2.2 Single main business

Deppon Logistics's main business is the domestic road transport business. In the competitive environment of the logistics economy, not only the profit of transportation is small, but also the single main business makes Deppon Logistics less competitive in the logistics industry. Although Deppon Logistics started with air cargo, it does not have an air cargo team, which makes the airfreight business undertaken by Deppon Logistics with high transportation costs, single routes, and poor transportation flexibility.

4.2.3 Low popularity of express delivery

Deppon Logistics has long been a leader in the logistics industry. However, as a newcomer to express delivery, Deppon Logistics has not been well known by the customer base. At present, Deppon Logistics's customer base is relatively stable with large companies and large customers. Express delivery and e-commerce are closely related. The express business of common online shopping software in the market is mostly controlled by established express companies such as "Four links and one up", namely SF Express, JD.com, and EMS. It will take some time for Deppon Logistics to be accepted by merchants and consumers as a new express brand. Therefore, Deppon Logistics has a long way to go in raising its brand image.

4.3 Opportunity

4.3.1 Rise of the internet

The formation and development of the Internet undoubtedly has a huge impact on various industries, especially the logistics industry. It completely breaks the original operation model of the

logistics industry, and the gradual rise of online shopping platforms allows Deppon Logistics to open the market. In the situation of the national online shopping tide, the rapid development of the national express delivery business has opened a new ocean.

4.3.2 Development of high-speed

The development of high-speed rail is both a challenge and an opportunity. At present, high-speed rail express has mainly launched three products, namely "same day", "second morning" and "next day". Throughout the transportation mode of these three products, fast, convenient, and affordable are its biggest attractions. High-speed rail transportation is not easily disturbed by weather and other natural conditions, which is a huge advantage over aviation and land transportation.

4.3.3 National policies

Deppon Logistics gets support provided by national policies. Effectively reducing the tax burden of logistics enterprises and increasing the land policy support for the logistics industry, Deppon Logistics scientifically formulates the national special plan for the development of logistics parks. Then it improves the level of land-intensive use and gives key guarantees to the land used for logistics parks included in the planning.

4.3.4 Complete infrastructure

Logistics infrastructure construction has been gradually improved. Logistics infrastructure refers to the general term of places or organizations with comprehensive or single functions that meet the needs of the overall service function of the supply chain, mainly including highways, railways, ports, computer taste circulation centers, and network communication foundations. Infrastructure improvement is a potential growth opportunity for several companies in the logistics industry.

4.4 Threaten

4.4.1 Oil price

The indispensable cost of land transportation is oil. The change in oil prices in recent years has seriously affected the change of the logistics industry. Growing prices and rising oil prices will all greatly change the future of Deppon Logistics. It increases the transportation cost invisibly and increases the burden of small and medium-sized enterprises, which may invest in state-owned logistics companies with greater financial advantages.

4.4.2 Market positioning

Market positioning is the keynote and starting point of an enterprise's development. Currently, Deppon Logistics's business capabilities and service scope have been unable to match the initial market positioning. The difference between "cheap" in the low-end market and "high price" in the high-end market requires logistics companies to determine the market positioning. At present, the domestic express service is mainly divided into two levels, one is the "high price" market that SF Express dominates. The other is the "cheap" market. What very important is the cheap market. Although the market is really big, the express companies are crowded with fierce competition and limited profits. Meanwhile, the high-price market has been dominated by SF Express.

4.4.3 Employee turnover

A large personnel attrition rate does harm the long-term development of enterprises. Deppon Logistics is known as the "Whampoa Military Academy" in logistics in the industry. Deppon Logistics's complete logistics operation process and relatively complete personnel training system can quickly cultivate high-quality logistics talents. The defects of the human resources management system of Deppon Logistics make a large number of employees dismiss every year.

5. Suggestions

5.1 Expand the Scope of the Main Business

In addition to the domestic road transport business, Deppon Logistics should actively develop an air transport business, cultivate its air transport team, reduce air transport costs, and increase routes to improve the flexibility of air transport. What is more, large-piece express transportation is the core business of Deppon Logistics. Deppon Logistics can properly develop small parcel transportation. This will greatly reduce the risk caused by a single business.

5.2 Improve Network Coverage

Compared with other leading enterprises in China's logistics industry, Deppon Logistics still has an obvious regionalization of its network business outlets, developing its network business outlets in a centralized manner. Deppon Logistics should follow the trend and expand its network construction in East China while entering the Midwest market, to make Deppon Logistics famous and march into the third and fourth-tier cities. At the same time, improving the operation standard of outlets as well as the brand efficiency for its own logistics system is conducive to the long-term, stable and sustainable development of the company.

5.3 Improve the Internal Human Resource System of the Organization to Retain Talents

On the one hand, Deppon Logistics needs to vigorously recruit and cultivate logistics talents with professional quality, and attract outstanding graduates from colleges and universities to work in Deppon Logistics through school recruitment. On the other hand, Deppon Logistics should provide its employees with opportunities for growth and development, and actively select and promote from within the company, which is conducive to the career development of employees within the company and the loyalty of the company. In this case, outstanding logistics talents have more confidence to strive for greater development space. It is of much significance for Deppon Logistics to continue to improve its competitiveness and build a people-oriented corporate culture.

6. Conclusion

According to the study conducted above, with the advent of the information age and the impact of the COVID-19 epidemic, the Express industry has opened up a new industrial model. At the same time, a large number of new Express companies join the market to compete, which has a certain impact on the old Express enterprise -- Deppon Logistics. Based on the current situation of the industry, this paper uses SWOT analysis to systematically analyze Deppon Logistics and gives suggestions. On the one hand, Deppon Logistics has the advantages of large scale, a large number of talents, and advanced technology. But at the same time, it also has disadvantages such as lack of background support, single development direction, and high operating costs. On the other hand, price changes, price wars, and massive talent flow threaten Deppon Logistics' sustainable development. But the emergence of e-commerce and high-speed rail, national policy support, and improved Express industry infrastructure also bring opportunities for the company. Thus, the article puts forward four suggestions. Expanding the main business is the fundamental method of development. Publicity through media and other channels will help improve brand image and attract more consumers.

This paper systematically points out the opportunities and challenges for Deppon Logistics's development, which has important guiding significance to help the company better grasp the market opportunity and embark on a new development stage. At the same time, this paper integrates the previous analysis and research on Deppon Logistics from a comprehensive and systematic perspective to fill the gap in the overall perspective. At present, this paper is based on data analysis and literature discussion. In the next step, this research will conduct in-depth data collection and analysis, strive to find and solve problems more accurately, and enhance the depth and breadth of the research.

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