



# SWOT ANALYSIS ON THE DEVELOPMENT OF COLD CHAIN LOGISTICS IN CHINA

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**Abstract**—With the increase of the demand of people for agricultural by-product, cold chain logistics, which can guarantee the quality of products, has attracted more and more attention .As a new mode of logistics cold chain logistics give consumers better product quality and user experience through modern technological means. Although cold chain logistics has developed rapidly in recent years, there are still some problems. The paper uses SWTO method to analyze the strengths, weakness, opportunities and threats of development of cold chain logistics in China. Finally according to the results of study gives some corresponding measures and suggestions on how to develop the cold chain logistics.

**Keywords**—Cold Chain Logistics, SWOT, Internal weaknesses, Internal advantage, External opportunities

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## I. THE SIGNIFICANCE OF DEVELOPING COLD CHAIN LOGISTICS

### A. Meeting consumers' need

In recent years, with the improvement of people's consumption level, more and more people tip of the pyramid, purchasing power is also growing. Customers demand the foods that are fresh and natural, so they expect higher to logistic. But limited by nature and geology condition, fresh and safe fruits vegetables cannot reach the consumer in time. The problem has been effectively solved by cold chain logistics. Because cold chain logistics can prolong the preservation of fruits and vegetables effectively, by using refrigerated technical.

### B. Expand the sales channels of fresh products

Cold chain logistics also provides a broad channel for the sale of fresh products. Farmers can cooperate with cold chain logistics enterprises, they can depend on cold chain logistics enter to handle the deliveries. This will reduce the cost of farmers' losses due to spoilage during storage and distribution. Developing cold cha-in logistics is credited with helping raise living standards and increase the country's economic growth.

## II. SWOT ANALYSIS ON COLD CHAIN LOGISTICS OF CHINA

### A. INTERNAL ADVANTAGE

#### 1. The sales network of agricultural products is build basically

In recent years, the farmers' markets have got the fast development. At present, our country has more than 4000 farmers' markets, some of which the annual sales more than one hundred million. Among them, M-eilin, New hair, Shouguang, and Shanghai agricultural products center are most famous. Large quantity and widely distribution are the distinguishing features of farmers' markets in China. It is very convenient and inexpensive to buy delicious fresh fruit, veggies at the farmers markets.

#### 2. The emergence and development of third-party cold chain logistic

In order to reduce costs, China's traditional cold chain logistics mainly relies on self built refrigerated warehouses, and lorries which were retrofitted simply. Technical equipment for such cold chain logistics operations specification and are hard to reach high standards. More serious is that logistic resource allocation unreasonable, the use of inefficient, wasteful serious. With the advent of 3P, it helps to improve the condition of the enterprises logistics and decrease the cost. With years of development and accumulation, third-party cold chain logistic has the scale, the brand and the developed foundation. It won wide trust and support from customers. Such as the leading enterprise of cold chain logistic, Rokin Logistics Company has become an extremely competitive logistics company, which focused on the trade and business service, storage transport, material supply, information consultation with company strength and integrity of the scientific management the business. There are other logistics enterprises, such as Shuanghui, Hnxianyi, Speedfresh. These enterprises advocate standardized collaborative operations, and not only serving local industrial demand, but also committed to build national network of distribution centers and warehouses.

### B. Internal weaknesses

#### 1. Shortage of talents and low management level

In the light of current situation, the training mechanism of logistics talents is not perfectly. In our country, per capita education level of employees in cold chain logistics enterprise still is not high, lack of outstanding talents and creative talents. Cold chain logistics enterprise has developed rapidly. However, the level of management is incompatible with the pace of enterprise development. Backward ideas, concepts of the enterprise management, enterprise management level, and single management methods cannot become the practical assistance of enterprise development.

This situation is caused by a variety of reasons. Although many schools have designed logistics courses, students lack practical experiences and observations, which will likely lead to abnormal phenomena, such as the inability or impossibility of using technology after studying it. And the low treatment of the employ, the outstanding employs that have to work odd hours in the cold chain logistics enterprise drain seriously.

#### 2. Lack of uniform industry standard of cold chain logistics

There is lack of uniform industry standard of cold chain logistics in china and which restrict the development of cold chain logistics and affect the effectiveness of cold chain logistics. In the early stage of cold chain logistics development, most of cold chain logistics enterprises that are to pursue economic result only focus on their own development, ignoring the comprehensive and coordinated development of the whole industry. They do business following the standard of their own, that affects the information flow and also decreases the labour efficiency when they cooperate. For long-term development of enterprise, their own business performances need to be adjusted.

### C. External opportunities

#### 1. The Support of State Policy

In order to meeting consumer upgrading and demand variation, the state has adopted series of policies and invested a lot of money to encourage and support the development of cold chain logistics. These offer the new good fortune of development. The State Development and Reform Commission promulgated "Development plan of cold chain logistics of agricultural products" at 2010, the guiding ideology, in which set up the strategic goals and tasks of cold chain logistics development. And then puts forward key projects and safeguard measures. At 2016, China formulated "The 13th Five Year Plan" for social and economical development of the future five years, and this plan require developing cold chain logistics vigorously. These policies provide policy support and legal basis for enterprise development.

## **2. E-commerce promotes the development of cold chain logistics**

The development of the electronic commerce is an important motivation of cold chain logistics development. E-commerce has changed enterprise's traditional marketing method and consumers' shopping way, have offered more thoughtful and humanized service to the masses of network users. In our country, e-commerce is developing with the surprising rapid it, and many enterprises build e-commerce Platform to sell fresh product. Furthermore, the State supports and encourages the cooperation between cold chain logistics and fresh electricity suppliers, offered the good macroscopic environment for the development of fresh E-commerce. Now Consumers can buy fresh products from Jingdong supermarkets, Holding No. 1 shop, Fruit day and Tmall supermarket. Some B2C merchants such benlai, too are opening official flagship business in Tmall which is market leader. In 2016, the turnover of fresh products over ninety billion RMB, that was seventy percent bigger than the year before on online transactions. According to market prediction, fresh E-commerce will maintain medium-to-high growth over the next five years.

## **3. The sustainable and stable increase in the national economy**

The GDP itself is the most commonly used measure of the overall level of economic activity. China's GDP reach 74.4 trillion yeas, an increase of 6.7% over the previous year, making China one of the fastest-growing major economies in the world. The increasing of economy and national income is the foundation enhancing the increasing of consumer demand gradually. The demand for fresh produce is increasing.

## **4. The development of the Belt and Road**

The global economies have taken place in the complex and profound changes, and all countries are facing serious economic problems. Both the change of international economic situation and the opening up to the outside world need the enterprises in our country to seize the opportunity to strengthen international cooperation. In 2013, China put forward "The Belt and Road Initiative" strategy, which will transformer the global system. The Belt and Road initiative, meeting the development needs of China, countries along the routes and the region at large, will sever the common interests of relevant parties and answer the call of our time for regional and global cooperation. Trade cooperation is a major task in building the Belt and the Road, which is the special advantage in developing international cold chain logistics. Trade cooperation will help developing foreign market and introducing technology and bankroll.

### **C. External threat**

#### **1. Competition from excellent foreign enterprises**

Although China's cold chain logistics industry has developed rapidly in recent years, however, it began latter, insufficient basic establishment construction, backward in technique and management level. At present, the cold chain logistics which was implemented many years abroad and has the booming trend. The foreign competitors have a well-trained cadre of technical and management personnel and advanced technology. So the greater disparity exists when comparing the cold chain logistics domestic with that of abroad. After the full liberalization of the Chinese logistics market, major multinational logistics enterprises are entering Chinese market one by one, causing national competition to be international.

#### **2. Policies and regulations are imperfect**

There are many policies and regulations related to cold chain logistics, but some of which are in conflict with each other, leading to cold chain logistics enterprises cannot determine which laws should basis on. More serious, some policies and regulations are loosely enforced and left a loophole. This drilling for certain enterprises which hold lucky psychology from transferring legal loopholes opened the door. Enterprises are able to run, in part because companies can take advantage of existing loopholes in laws, regulations and systems, or walk a fine line approach to "reasonable and legitimate" management. Obviously, this kind of policy and paw system isn't favourable for the long-term development of cold chain logistics market.

### **III. SUGGESTIONS ON HOW TO DEVELOP THE COLD CHAIN LOGISTICS**

#### **A. Perfecting talent cultivation measures**

There is a great talent gap in Chinese cold chain logistics industry, so companies should work with schools to train the workforce. The university should open up relative cold chain logistics courses, encourage the students to participate in activities that take them outside the classroom and into the social. Social Practices can broaden them horizons and make progress in both knowledge and ability. Strengthen the establishment of teachers 'ranks is also necessary. As the work environment and nature of work, workers labored long hours at low wage, so the brain drain rat is very high.



The company must improve the working condition and pay higher wage to employees. In addition, the company should provide strong education and training opportunities for employees, and provide them with the support and guidance to their careers every step of the way.

### **B. Formulate industry standard and perfect laws and regulations system**

Chaotic industrial management has brought about severe negative impact, it is necessary to consummate the system of policy and regulation, implement standardization management. Setting a uniform industry standard involves advantages of the many main body, such as consumers, businesses and governments. It is need to bring the functions of government into full play to maximum of the social revenue. In business administration process, the cold chain logistics enterprise must follow that industry standard.

### **C. Emphasizing international cooperation**

Though more and more cold chain logistics enterprises enter the Chinese market lead to greater competition, it gave domestic companies the opportunity to study advanced technologies and modern management experience in foreign invested enterprises. Importation of advanced technology and modern management experience from abroad is a very effective way to boost our enterprise development. The company should encouraged employee to study abroad. Through seminars, training sessions and field trips to study and master advanced technologies and managerial expertise of other countries.

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