

VANCL logistics operations mode selection analysis

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Abstract: Today, the e-commerce companies develop rapidly and compete intensely, and the selection of e-commerce companies' logistics operation mode plays an important role in maintaining core competitiveness. The article describes the VANCL departure, introducing changes in the logistics business model VANCL company in the development process, and then summarize VANCL mode selection.

Keywords: VANCL; Logistics Operations; Mode

I INTRODUCTION

VANCL (VANCL, referred to as V) is a company engaged in the online clothing sales B2C companies, products cover men's, women's, children's clothing, shoes, home, accessories, cosmetics and other seven categories. Since established in 2007, VANCL the champion in the independent-sales B2C clothing websites. V in the rapid development of B2C business is inseparable from advanced marketing concepts, inseparable from e-commerce sales platform, but also inseparable efficient, and perfect logistics and distribution patterns.

II. VANCL LOGISTICS OPERATIONS MODE SELECTION

A. To choose third-party logistics mode.

The factors about V company to choose third-party logistics mainly: third-party logistics companies on the amount of capital investment requires less, less of their own logistics management capacity requirements. In the early days, V small companies due to lack of money orders, in order to concentrate limited resources to focus on the core business of B2C, third-party logistics company chose to reduce the investment in fixed assets by means of outsourcing, to accelerate the turnover of enterprise funds, reducing corporate capital investment and the risk of a shortage of funds.

Third-party logistics and distribution process shown in Figure 1

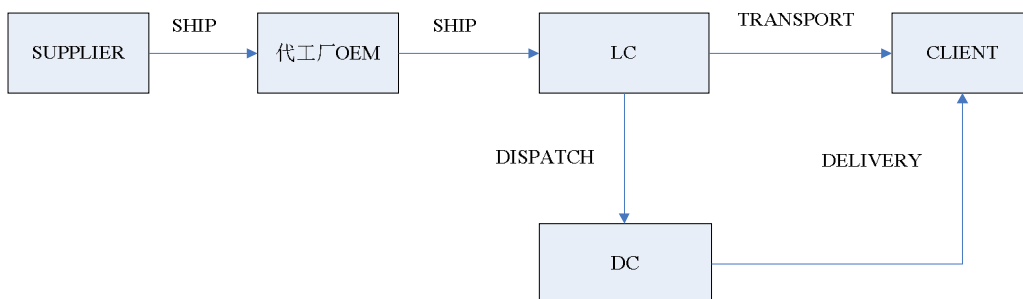


Fig.1:Third-party logistics flow chart

Specific steps are as follows:

- 1) *V company based retail electricity supplier sales orders, and sales forecasts, unified purchase orders issued to manufacturing plant, processing cycle is about a month or so;*
- 2) *After the order is completed, unified logistics and transportation from the major regional logistics center for interim storage, and then by the regional distribution centers or distribution stations to order for packaging, processing, sorting and scanning check;*
- 3) *Finally, by delivery personnel distribution, customer inspection site to try and pay the purchase price and other links.*

B. To choose self-logistics mode

Affect V chose self-built logistics system, the main factors are: self-logistics enterprises can improve the utilization of all sectors, greatly increase service flexibility. Where the customer's founder was a founder of excellence, excellence who has a complete distribution system. When the company incorporated in the Amazon, Amazon because without knowing the Chinese logistics market, superior logistics and distribution system will eliminate all soon, Amazon did not adapt to this hasty decision of China's domestic situation and paid the price. Unreliable postal courier cause Amazon's sales decline year after year, its president, had to apply for the reconstruction of China logistics and distribution system. Aged learn excellent success stories, along with the formation where the customer was established distribution sectors. V company established its subsidiary logistics subsidiary in April 15, 2008 - "wind up" the courier company.

V company's own logistics and distribution processes shown in Figure 2:

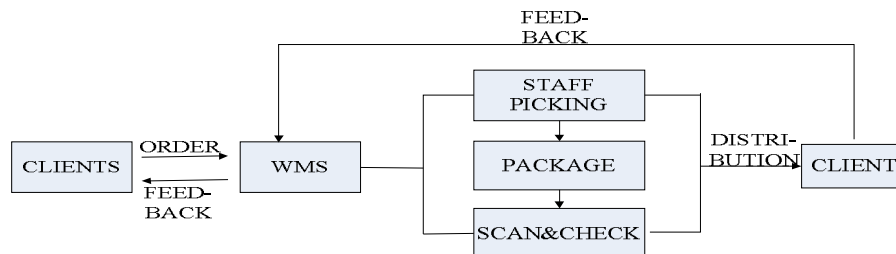


Figure 2: 'wind up' Commodity distribution flow chat

Highlight the advantages of its self-logistics performance in the following areas:

- 1) *Self-logistics from receipt of the order to the customer with a good stock usually require only one hour;*
- 2) *To achieve delivery twice a day to try and spot out of the box, wind up the implementation of dual-day preparation, 12:00 before the goods, delivered before 18:00 pm; under a single afternoon, the next day delivery before 12:00 to. Also asked before every single delivery of goods, specifically responsible for the delivery staff in the company's system notification, should also be one to inform the customer expected arrival time;*
- 3) *V self-logistics company, issued on the morning of the goods, in the evening you can return money; in the afternoon sent the goods, you can get the money the next morning, greatly reducing the company's cash flow pressure;*
- 4) *"wind up" the successful resolution of logistics "last mile" problem. Delivery personnel and to assume the*



company's sales, shopping guide and promotional mission, self-logistics mention various value-added services to meet customers' individual needs, enhance brand impact, self-logistics service quality significantly.

- 5) *V disadvantages of self-logistics services company used to produce mainly include: distribution sectors are not profitable, but also requires a lot of pre-investment in human and financial resources; faced with enormous challenges of competition and other traditional courier industry.*

C. Self-logistics and third party logistics business model combines

Factors V chose self-logistics and third party logistics business model combines its new business ideas, namely: developed cities rely on self-logistics, undeveloped cities rely on third party logistics, towns rely on postal, also known as "Trinity" mixed three distribution modes.

V outsourcing company based, supplemented by Self-logistics business model, in third-party logistics companies to strengthen control KPI assessment, while strengthening the self-logistics "wind up" of the building. At this stage, logistics outsourcing can be effectively utilized. Specific performance is as follows: In addition to wind up the courier responsible for B2C logistics business of the parent company, but also bear excellent shopping online Shoe logistics. Customers in excellent shopping online Shoe orders, the wind reached into his company's coffers will pick up, and then use the wind up of the existing distribution system for distribution. From November 2011, "wind up" for excellent shopping to provide distribution services in Beijing, Shanghai, future cooperation will be extended to Guangzhou, Chengdu and other regions. Excellent shopping online Shoe and V after using the company's logistics cooperation, will greatly improve the efficiency of distribution, Beijing, Shanghai and arrived 24 hours a day to send two in Beijing.

III.V LOGISTICS OPERATION MODE SELECTION ANALYSIS

To analyze V logistics operation mode as follows:

A. Whether you choose self-logistics or third-party logistics companies, e-commerce in the logistics chain should embark on the scale of development.

(Inter-business enterprise, business enterprise and third among logistics companies) to build alliances between business system, strengthen cooperation and supervision, positive communication, build coordinated and efficient logistics and distribution platform for the "last mile" has become a business enterprise for grace link; even self-built logistics system at the same time to complete their distribution needs, and gradually expand to other businesses, such as wind up serving excellent shopping Shoe.

B. Third-party logistics will remain the trend

Although the use of third-party logistics service flexibility reduces the enterprise, or cause excessive dependence on third-party commercial enterprises. But specialization and ensure that the core competitiveness point of view, select the third party will not be obsolete. For example, although V wholly self-built distribution company, specializes in the distribution business, but there are still some businesses choose to outsource. The other in June 2014, announced wind up being acquired world Arima (a logistics company) groups. In other words, it is now V also chose to work with third-party logistics.

Indeed, third-party logistics company's own operations there are problems, and mature business enterprise on the choice of a



third party should not be ignored, but the change from passive to active: third-party logistics necessary regulatory and eliminated; through to distribution partners output technology, management, training, systematic approach to strengthen the company's ability to control third-party logistics, improve its logistics services.

For example, V KPI assessment on third parties, set up a "Tuotou rate, the rate of complaints, complaints attitude, timely and accurate feedback, loss rate, did not reach a commitment to" six indicators.

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