

Research on the Innovative Method of the Third-Party Logistics Distribution in City: An Application in Fast-moving Consumer Goods Business-Retailer Industry

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Abstract: The consumer goods industry of China has seen a trend of declining overall sales in recent years. Since 2013, the leading enterprises in various industries have started to decline, the profit margins of related enterprises have been greatly compressed. According to statistics from the national bureau of statistics, from January to September 2017, the total retail sales of consumer goods was 26,317.8 billion yuan, of which the total retail sales of fast consumer goods was 127.491 billion yuan, and the retail sales of urban consumer goods were 225,592 billion yuan. With the strong entry of a large number of Internet B2R platforms, it is often a self-supporting platform for spreading the profit of the spread of products, such as alibaba's retail and JD's new channels. This paper takes a company's market operation as an example, through the analysis of the advantages and disadvantages, elaborates a new type of urban third-party logistics distribution mode with integration of the warehouse and integration as the foothold, and tries to save the cost of the urban fast consumer goods supply chain through the new logistics operation mode, and improve the overall efficiency.

1. INTRODUCTION

Fast moving consumer goods (FMCG), refers to the short service life, consumption speed is faster, people in order to meet the demand of basic material life need to constantly repeat purchase, and tend to be one-time consumption of products, its main features are the points, one is with higher social mobilization, social demand for large size; Secondly, the customers' loyalty to the brand is low, and the price and promotion activities will influence consumers' purchasing intention to a great extent. The third is the low gross profit of most of the products (except some special products, such as tobacco and alcohol), and the typical quick consumer products include food and drink, tobacco and alcohol. Based on the above three characteristics, fast consumer dealers often obtain profits by expanding their existing market volume.

With the improving of the enterprise informatization level of Internet, the production technologies and management level of enterprise itself are also gradually improve, so for the entire supply chain of FMCG upstream link compression cost, expand the profit space will be more and more small, however the FMCG downstream enterprises (mainly refers to the B side) is still in accordance with the traditional operation mode, so the goods storage and logistics distribution logistics circulation ways for saving the cost of whole supply chain of FMCG has great room to improve.

2. THE CURRENT SITUATION OF RAPID CONSUMER GOODS CIRCULATION IN CHINA'S MAJOR CITIES

The circulation of urban fast consumer goods mainly includes the following links:

F (factory) \rightarrow B (business) \rightarrow b (business) \rightarrow R (retailers) \rightarrow C (consumer)

For the vast majority of FMCG enterprises, products from the upstream supply chain of manufacturing enterprise production shipment must be set when the product profit margins, chain by above we can see that with the increase of circulation, the product also gradually reduce profits. Furthermore, the logistics will be carried through throughout the whole circulation process, so how to collect logistics cost has become an important effort to reduce the overall supply chain cost of fast food products.

Now as urban informatization level of commission, city of third party logistics industry has a rapid development, in order to meet the city size large distribution and FMCG enterprises of logistics demand, has the function of a series of relatively perfect enters sells saves the management software, in such as kingdee, ufile, bad and housekeeping, etc., but, with the increasing amount of data of terminal, and FMCG enterprises demand for data and analysis ability gradually improve, the software has exposed some limitations. At present, the downstream orders and logistics links in most cities are carried out in the form of paper copies or WeChat and SMS messages. Therefore, how to transform the traditional circulation of fast food products is of great significance to optimize the overall efficiency of urban fast consumer supply chain.

Through the observation and research on the current market pattern of FMCG production-oriented enterprises, has changed the nature of the market supply and demand can be found, that is, from the demand to the balance between supply and demand, and then to the current oversupply, in other words have reached the amount of excess supply.

3. CURRENT SITUATION OF CHINESE URBAN FAST CONSUMER GOODS ENTERPRISE LOGISTICS

3.1 The current urban distribution logistics system classification

As the country's urbanization advancement speeding up unceasingly, the urban population increase gradually, the consumption of FMCG mass also gradually increase, due to the city of FMCG B2R industry order frequency is high, the network is relatively concentrated, place of receipt and a more convenient time, delivery, timeliness strong wait for a characteristic, it has given rise to a series of matching mode of logistics operation, mainly divided into three categories:

- Enterprise self-built warehouse distribution system: The self-built warehouse system will enable enterprises to have absolute control of the warehouse, the warehouse distribution management is more flexible, and can reduce the risk of operation. This way is the city of FMCG dealers are common logistics operation mode, refers to the FMCG enterprises build the whole B2R supply chain, including warehouse rental, logistics operation personnel and vehicles to hire or purchase, the advantages of this way is that enterprise can grasp market trends at any time, at any time for logistics. In addition, the transfer of quick elimination from B to R is made up of two levels, namely, from dealer (B) to Second batch of business (B), second Second batch of business (B) to terminal stores (R). Therefore, for the cities with high degree of development, such as the provincial capital, the cities with high concentration of population density, the self-built distribution system of urban fast food enterprises is mostly secondary distribution.

- Build a logistics system based on proprietary platform: Mainly refers to ali's retail and jingdong new pathways for representative's proprietary distribution platform, this type of platform has strong capital advantage, and is more efficient to build fast and convenient, warehousing and distribution services in platform has evolved into the original market FMCG enterprise's second batch of business, profit source for the same product price difference. In cooperation with such platforms, enterprises save time and energy, but the profit has been Shared by the platform;

- Distribution based on third-party logistics: Manufacturing enterprises choose cooperation with appropriate third party logistics, the prophase and metaphase stages can save a lot of logistics costs, and the third party logistics has relative specificity, professional and business logistics can just meet the demand of the enterprise. Mainly refers to the cloud bird, lala, 58 speed of city of third-party logistics service providers, based on

their professional platform, this kind of logistics service providers and enterprises in the form of orders for business, most of them have no storage function, only spending timely and efficient and convenient logistics service, profit source for logistics commissions, and the third party logistics can make the enterprise lacks the overall distribution of the control, distribution flexibility is not high.

3.2 Disadvantage analysis of existing logistics model

According to the current investigation of dealer logistics in Zhengzhou, Luoyang city and Chengdu city of Sichuan province, the article finds that the fast consumer dealers in the city have the following disadvantages about the operation mode of B2R logistics:

- Self-built logistics infrastructure increases fixed cost input. Based on FMCG low margin, of the characteristics of big volume of FMCG enterprises have taken most of the city distribution system that builds a logistics operation mode, and build their rental warehouse logistics operation team, occupy a larger proportion in operating costs. In addition, in order to meet peak season or burst market demand, enterprises often need to lease warehouses that are more than twice the conventional storage capacity, thus causing waste of warehouse resources. Besides, the self-built logistics facilities will also involve the cost expenditure of warehouse maintenance, vehicle maintenance and so on, which is not worth the loss for the industry of fast elimination B2R;

- Self-built logistics teams increases administrative costs. Including warehouse keeper, warehouse assistant commissioner, scheduling, logistics distribution, cashier, etc all personnel to recruit staff for the enterprise, combining the municipal FMCG dealers management people education level is not high, the characteristics of management can lead to cost increase, plus the staff's personal quality levels not neat, if there is no effective management methods, will greatly reduce the efficiency, virtually increase management investment.

- Individual management will not avoid the risk of cargo security. In order to reduce operating costs, enterprises often do not buy insurance for cargo storage and safety, and there is often a fluke psychology, for fire, flood, etc., when it happens, there is no follow-up remedy to support it. Moreover most of them are immediate relatives for warehousing and distribution management, such as easily appear because of the goods does not conform to product left, reported loss account, most of the enterprise for such events would not be particularly severe punishment mechanism. In terms of vehicle safety, the safety liability procedures for vehicles and personnel have been completed, but if serious accidents occur, the operation will be damaged and the heavy burden will be ruined.

- Property security is not guaranteed. After visiting, most of the R - end delivery methods are traditional cash settlement, and there is a possibility that counterfeit COINS and accounting discrepancies, including backstage cashier collection, can not completely avoid such risks.

In this paper, the new mode of logistics is based on the theory of third party logistics. Based on this, it will

innovate, join the integrated service of warehouse and distribution, unify the software service and the marketing consulting service as one of the new logistics service system, and help solve the problems encountered in the B2R supply chain of urban fast consumer enterprises, thus improving efficiency and realizing win-win results.

4. ANALYSIS OF THE STATUS OF THIRD PARTY LOGISTICS IN THE B2R INDUSTRY OF URBAN FAST - ELIMINATION PRODUCTS

With the continuous innovation and development of Internet technology in recent years, and the continuous impact of "Internet +" on traditional industries, the market is particularly urgent in the construction of modern logistics. With the development of e-commerce in recent years, the position of third-party logistics in the national economy has been significantly improved.

4.1 Overview of third-party logistics

According to the definition of third-party logistics in the research of China's third-party logistics development strategy, shao wen is an effective method and strategy to realize the integrated operation of supply chain logistics. It refers to the core enterprises and their partners in the supply chain. Through the integration and rational distribution of logistics functions between enterprises, the corresponding logistics business is entrusted to the specialized logistics service enterprises according to the strategic needs of supply chain management, and they complete the logistics functions between suppliers, manufacturers and distributors(Shaowen,2010). It can be seen that the service objects of third-party logistics are all suppliers, manufacturers and distributors of the demand for logistics. Through the form of third-party logistics outsourcing, they can put their time and energy and capital in the core business, thus improving the efficiency of the whole supply chain operation.

4.2 Analysis of the status of third party logistics in the B2R industry of urban fast - elimination products

The gross profit of fast consumer goods is very low, depending on the volume of the sales volume to obtain profits, how to reduce the logistics cost is particularly important in the improvement of the interest space in the two-stage distribution of the city's fast consumer goods. For the third-party logistics distribution of the market in the market, the work flow is divided into the following steps:

Platform receipt, arrange logistics -> Take delivery of goods -> Logistics delivery, terminal store check-in ->Complete the account

For the whole work process, we will find that the overall logistics costs are produced in the logistics distribution link, it is also influence FMCG B2R link a key part of the supply chain, the elaboration to the practice of distribution, is the vehicle logistics route and logistics vehicle load, distribution of the main influence factors is need terminal stores and a single terminal stores for the demand of the goods, thus affect the cost of third party logistics distribution and density distribution efficiency is the key factor is the density of the order and

the unit price.

- Density of the order. The order density mainly refers to the order quantity of the terminal stores in the unit distribution area within the specified time. Order density directly determines the distance of the third party logistics distribution path, the lower density of orders, the terminal stores the farther the distance is logistics vehicle requires higher shipping costs to complete the task distribution, thus affect the distribution efficiency;

- Unit price. Customer price refers to the total value of the goods shown in a single delivery order. Order a single distribution show that the higher the value of goods, because of the limitations of vehicle load, the bike needs distribution can decrease the number of terminal stores, in order to improve the efficiency of distribution, a well-known domestic enterprises, engaged in third-party logistics industry in the early distribution costs is 3 times of the original FMCG dealer, because the guest unit price is much lower than the dealer self-built distribution system.

To sum up, the premise of the rapid development of third-party logistics enterprises based on the urban fast - elimination B2R industry is to increase the order density and increase the unit price. At the early stage of B2R, single platform orders density and guest unit price is lower, so the need for resources integration, namely the third party logistics for all service platform of logistics demand, by order of the integrated density and the unit price will be higher. In this paper, the author studies on warehouse with the integration of third party logistics operation mode, is based on the resource integration, through the platform of the company's matching, improve the density of the order and the unit price, so as to improve the efficiency of logistics.

5. NEW LOGISTICS OPERATION MODE OF URBAN THIRD PARTY LOGISTICS (TAKE CHENGDU A COMPANY AS AN EXAMPLE)

5.1 Company profile of A

Company A is a platform type Internet company specialized in providing e-commerce technology support and providing innovative business model services for the B2B circulation area of consumer products such as beverage, food, clothing and other consumer products. It aims to help dealers solve the pain points in the operation through "system software + warehouse integration + marketing consultation", including how to improve business efficiency, how to reduce warehouse cost and how to digitize the business. Two county-level markets and two municipal markets have been opened.

5.2 Operation mode and advantage analysis

5.2.1 Introduction to operation mode

In Chengdu market, A company takes the integrated service of warehouse and distribution as the starting point, and in the way of matching, the company is cooperating with the fast consumer dealers of the second-line brands such as the broker, wang laoji, Coca-Cola, Evergrande ice spring and White House, providing them with safe and standardized warehousing services,

quick and efficient logistics delivery services, timely and accurate payment of money transfer services, accurate and accurate marketing data services, as well as the marketing support of the cooperative customers, including product analysis and market structure, and micro-guidance from the company's first-line salesmen, how to effectively improve the product terminal dynamic marketing capability.

5.2.2 Advantage analysis

- Unified warehousing service can save storage cost. In the early stage of cooperation, company A will conduct research on the market, determine the size of the warehouse in which the cooperative customers and future customers will reach, and combine the factors such as transportation convenience, warehousing cost, distribution area distance and company employee's address distance, etc., to conduct warehouse leasing, and then purchase the warehousing materials. According to the different market conditions, it will be divided into the front warehouse and main warehouse. Warehouse rental store billing in single single day, through the understanding of the research of marketing data, work for clients save about 40% of the original warehouse cost. Moreover A company deal with insurance for warehouse and no dead Angle of real-time monitoring and control system, customers can download the APP on their mobile phones to timely view, further to ensure the safety of the cooperation customer goods. On the other hand, in the case of B2R logistics, the same warehousing service provides stable and stable source support for logistics operation, and it is easier to form lasting viscosity;

- Unified distribution services can collect resources. After the investigation of the logistics operation of the cooperative customers in the market, it was found that the average daily distribution of the logistics vehicles in the existing logistics vehicles was only 40% of the load capacity of the vehicles. In order to achieve their respective distribution requirements, the dealers in the same distribution area needed to have more vehicles to distribute. In this case, A company established the logistics distribution team, starting from increasing the load quantity of the single-time distribution of vehicles and reducing the number of orders of single delivery order, which not only improved the distribution time, but also reduced the distribution cost based on the original distribution. The density of market nodes in the city market is relatively high, and the single store has a higher order frequency, and the network address is more fixed, so it is very important to optimize the system distribution path and the self-organizing list. A company collected A large amount of logistics platform operation data on the market at present, and developed A set of suitable for commercial operation logic itself, namely the set of business system, storage system, financial system, data analysis system for the integration of software system, to ensure timeliness in the overall distribution data, so as to make the city FMCG B2R distribution more intelligent.

- Unified management service can improve professionalism. Through the extensive visit found that city FMCG industry dealers to have to adapt to the

development of information technology, Internet use some professional storage system software, but the overall warehouse management is still in its infancy. Company A employs professional logistics management talents, specialized 5S management for warehouses, and A complete set of operation procedures and rules and regulations for the distribution team to ensure the efficiency of logistics operation. A company will streamline all management through its operation experience in multiple markets, thus facilitating the continuous replication of new markets.

- Business software services can access information channels. At present most of the FMCG dealers still rely on paper standing book, write a paper for the documents and write a paper order, this way under the condition of the enterprise on a smaller scale, more practical, but with the development of the enterprise, facing the vast amount of data, and most fast-moving consumer goods belong to the big circulation of products, very high demand for the product identification, leads to the traditional information transfer mode operation is more and more demanding.

- Between the situation, in order to achieve seamless docking, logistics information by technical means A company through the business, warehousing, distribution, finance four key link, the business side display real-time stock information, ordering system 24-hour service. Through simple convenience of operation, professional technology support, at the same time for the connection of the product and order information in real time, and then through the exchange of statistical system, all information relating to the product sales will cooperate customers day for statistical classification, finally in the form of data, or icon show cooperation customers, so as to achieve the purpose of precise marketing.

- Marketing consulting services to help others start their own business. The logistics model of company A can solve the problem of early logistics for them, which can save A lot of money for them. It will not only help them to invest in entrepreneurship, but also help them to expand their production, to represent more brands, so as to enrich the products of the market.

5.3 Analysis of profit model

Based on the matching service mode, the profit model of the urban third-party logistics operation mode, which is based on the integration of warehouse and distribution, is mainly for warehousing and distribution, and the cash flow can be returned when the single market volume reaches a certain level. For platform - based Internet companies, the platform can generate value for traffic, and huge data traffic will bring benefits to the company.

6. CONCLUSIONS

In conclusion, based on the logistics operation mode of B2R industry based on the integration of the warehouse, the practice of company A is "Internet platform" + "offline warehouse integration services" and online and offline synchronization, compared with other platforms in the industry. Being able to be welcomed by the market's fast consumer goods companies, once

developed, will create a strong market momentum that can quickly capture the market and quickly replicate.

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