

# THE COMPETITIVE STRATEGY ANALYSIS OF EXPRESS INDUSTRY BASED ON TIME-BASED COMPETITION

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**Keywords:** Express industry, Competition strategy, Time-based competition, VRIO model.

**Abstract:** This paper introduces a Time-based Competitive Strategy into express industry, which seeks to establish competitive advantage for express companies. According to analyzing the feasibility of time management based on VRIO model, it can be considered that time-based competition is an effective strategy to help express company obtain success. The strategy includes four connotations and two methods. It requires the express companies to integrate time saving, precision control, quick response and customer-oriented into competition. Simultaneously, to be a time-based competitor, express delivery enterprises have to pay more attention to the time management of the whole operational process and the optimizing of customer-oriented services.

## 1 INTRODUCTION

What is the core competitiveness of enterprises? There are different answers in different periods. The core Competence of enterprises in England in 18th century is the product number. They focused on how to make the most products in the shortest possible time to capture the world markets. In early 19th century, U.S. companies were more focused on the scale of their enterprise. They realized the large companies dominated the market trends. At the same time, German companies paid close attention to product quality. They highlighted quality as life, not in wasting time on mediocre products. After that, Japanese companies emphasized the production of seamless and quick response of the market. The core competitiveness of Chinese enterprises cannot still stuck in cheap labour or special care by government policy. What is the core competitiveness of express delivery enterprises is a significant problem to solve.

As competitive pressures intensify, increasing numbers of companies are seeking a time-based advantage. So people focus of considerable interest on Time-based competition (TBC). This time-based paradigm was first declared explicitly in the literature in the late 1980s by Stalk. According to Stalk (1988) "Managing time has enabled top Japanese companies not only to reduce their costs, but also to offer broad product lines, cover more

market segments, and upgrade the technological sophistication of their products" (Stalk, 1988). Time-based competition (TBC) encompasses more than just meeting delivery dates; it involves recognition and careful management of time as a limited resource while continuously removing waste or non-value-added activities. In recent years, TBC has become the practitioners and academics alike.

The twenty-first century is the era of time competition. Time will become the next competitive resource advantages. The business objects and services in express industry are unique. New competitive of logistics enterprise is focused on how to meet different demands of customers in the shortest possible time (Evans, 1993). In China, although many express companies consciously operate time management, as much as possible to shorten delivery time and improve efficiency, but there is less express companies to use the idea of time into competing as their core competitiveness. The Foreign express companies have advanced from simple time savings into the second stage - the comprehensive management of time. It has more emphasis on the controllability of time, strengthens the management of designated time, and improves the express deal with coordination in the whole process. In express industry, the reform of time-based competition is coming. We believe time-based competitive strategy can help express companies obtain the advantage (Blackburn, 1991).

## 2 THE FEASIBILITY ANALYSIS OF TIME MANAGEMENT BASED ON VRIO MODEL IN EXPRESS INDUSTRY

Time-based competition strategy is to focus on the changing needs of customers. It defines time as a competitive resource to adjust its structure, management, production and services in order to respond faster and more accurately to the outside world.

The model of VRIO contains four elements - value, rarity, inimitability and organization. It first proposed by Jayne • Barney (Jay B. Barney, 1991). In the article “from the inside for competitive advantage” (1995), Barney summarized core idea of the model: sustainable competitive advantage cannot easily assess the environmental opportunities and threats. And companies shouldn’t create it only in the high opportunity and low-threat environment. Sustainable competitive advantage also depends on the unique resources and capabilities which can be applied to compete in the environment. To find these resources and capabilities, managers must seek the valuable and scarce resources with high cost of imitation from the enterprise and develop these resources by the operation of their organizations (Clark, 2003).

Table 1: The analysis of time based VRIO model.

The Management of time as resource Ability to manipulate time as a unique business capability					
value	rarity	inimitability	be used by organizations	Advantage and weakness	Competition
No	—	—	No	W	weakness
Yes	No	—		A	balance
Yes	Yes	No		A	Temporary advantage
Yes	Yes	Yes	Yes	A	Sustainable advantage

Enterprises tend to intangible resources as a basis of competitive advantage. We pursue not only time

savings, but a comprehensive time management. It has greater emphasis on co-operation with the whole process and is committed to establish the core brand image in “timeliness”. The main advantage is to achieve seamless connection to customer requirements. The analysis of time based VRIO model is given in Table 1.

### 2.1 The Value Inspection of New Time Management of Resources

Express delivery enterprises have particular business objects. It achieves the transfer of objects in space, and this transfer is time-based control, so one of the advantages of competitive resources is how to run time well. The current operation of express delivery companies are staying on experience level and terminal management. If the strategy can properly be integrated into business activities, it will be able to gain market share and become the forefront of the industry.

### 2.2 The Scarcity Inspection of New Time Management of Resources

Simple time resources can be obtained by most enterprises and thus it doesn’t have scarcity. The new view of time resources and time management skills in this paper are different. According to giving new idea, our ability with time integrates technical innovation, optimization of inner management, standardization of processes. The time of non-uniformity theory shows that the low value of time is readily available, but the high value of time (optimizing content and scale between resources and the structure) is very scarce, with a weak alternative.

### 2.3 The Imitation Inspection of New Time Management of Resources

The imitation of the soft power is the most difficult. Management of quality and service have always been more stringent, especially in time-control. If express delivery enterprises put time management and its concepts into the corporate image of the brand, it can enhance the soft power, but a huge customer base and vast network layout is the basis. The express company which applies the strategy of new time-based competition to highlight its image and corporate culture cannot be undefeated.

## 2.4 The Organization Inspection of New Time Management of Resources

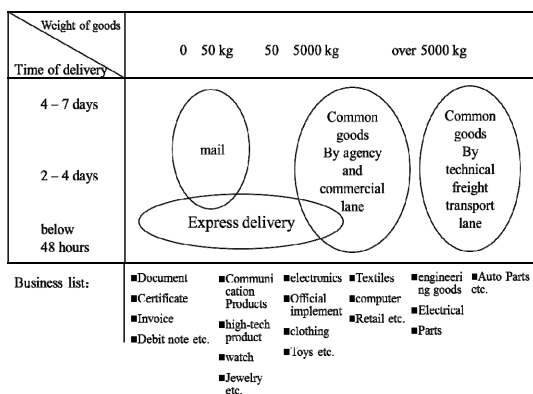
With Competitive strategy for time, companies should establish a sound regulatory framework, not only the optimization in technology but also the establishment of evaluation system. In addition, they pay close attention to end-time control of the outcome and customer management. The daily operation with a lot of time managing can also promote the Coordination and the ability to response to customers. It is expected that organizations can take advantage of time resources to achieve the strategy.

In summary, the new time resources and the related time management can be used to strengthen the core Competence. It helps enterprises to obtain long-term competitive advantage and excess income. The time Competitive strategy is a wise choice (Stalk and Hout, 1990).

## 3 THE CONNOTATION OF TIME-BASED COMPETITION IN EXPRESS INDUSTRY

### 3.1 Time Saving is the Basis

Speed is the soul of express industry. From the perspective, time is a scarce resource that is non-renewable. By figure 1, the services in the express delivery focus on the “below 48 hours” and the range of “0-50 kg”. Time is a major part of the cost of express delivery industry. Time savings is a basis for work to do.



Data From: China Infobank, JP Morgan, 2001

Figure 1: The category of the services in express industry.

The largest characteristics of express delivery Operating is the "fast". Customers have higher requirement to express service provider. It emphasizes the timeliness of service. Time saving is a basis of timeliness. How to save time and promote timeliness is the main focus on competition. For the service industry like express delivery, Time competition is to reduce time in the delivery to gain a competitive advantage.

### 3.2 Precision Control is the Goal

Precision control for time is the ultimate goal of implementation of the strategy. “From another point of time resources, time is non-uniformity (Rong Chaohe, 2010). It is necessary to manage time to spend it on the most suitable place and avoid the error on the key point of time. The optimal combination of time resources, human resources, hardware resources and Management Resources is a great way to play its biggest economic effect. Controllable management of time can ensure that enterprises in economic activities, especially in extremely time-sensitive industry as express industry, gain time management initiative. The ultimate goal of Precision control is to maximize the reduction of waiting time for express operations and reduce costs, while improving customer satisfaction. For example, UPS not only has strong air transport support, but also develops real-time tracking of express service and spends a lot of resources in studying customers. Its goal is to the parcel to the customer in the most appropriate time.

### 3.3 Quick Response is the Core

Time-based competition first used in the manufacturing sector. It uses external market trends as the criteria of response and adjusts timely types and numbers of products. Quick response in the express industry is equally important. In addition, it fits with the nature of the express industry. Quick response requires integrating from the internal resources and enhancing the professional level (express service capacity. Its connotation is to respond faster and more accurately for the diversity of customer external needs and uncertainties in order to adapt the changing environment. Express delivery enterprises’ quick response includes the following parts: ① process orders quickly; ②arrange transport plan quickly; ③express delivery quickly; ④Capture the trends of market prices and customer demand quickly; ⑤ handle unexpected events quickly.

### 3.4 Customer Demand is the Orientation

Express is a service industry, so its purpose is to satisfy the business needs of customers, while achieving profit maximization. "Customer demand Orientation" locates all of the development strategies, vision planning, managements and delivery processes in achieving customers' maximum value. Customers can show their loyalty after realizing their own value by getting the satisfaction of needs. The business model of customer demand orientation needs to establish a scientific and effective solution, which includes customer-centric strategic, management consulting, channel maintenance, relationship development and other core areas. The philosophy of "Customer demand-oriented" is a key to take the victory in a competition in the market in the future.

## 4 THE METHOD OF BEING TIME-BASED COMPETITOR IN EXPRESS INDUSTRY

Being a time-based competitor requires that the organization must be changed to the time centre from the cost centre. This is the most obvious and most important requirement for the manager with the emergence of TBC. If the company cannot be the same time faster response to market changes with competitors, it is difficult to have a competitive advantage.

To being a time-based Competitor in express industry, this paper thinks it can be carried out

through the following six steps: ① determine whether there is a speed problem; ② reduce unnecessary waste of time; ③ let customers participate in the evaluation; ④ meet customer demand; ⑤ provide faster services for the customers who prefer fast; ⑥ ensure a quick response [6]. According to summarize the contents of the above, the implementation of this transformation is primarily for the optimization of the two points.

### 4.1 Time Management of the Whole Operational Process

Customers with the need of express services never like "surprise". They hope their express can be delivered at the exact time and exact location. Therefore, the operation requires a security time management process. Strategic managers often emphasize the importance of competition in the industrial chain. Rationalizing the distribution of benefits in the industry chain is crucial. The chain should be maintained to enjoy living in a stable income among the enterprises. For various specific aspects of business operations, Mangers should optimize processes of time constraints, reducing the time interfaced between the processes. Meanwhile, time management of the whole process strengthens the guarantee on time delivery ability of the express company. The operating target of express delivery enterprises is the time products. The value of enterprises can be reflected by guaranteeing the realization of items upon request within the time and space dimensions smoothly.

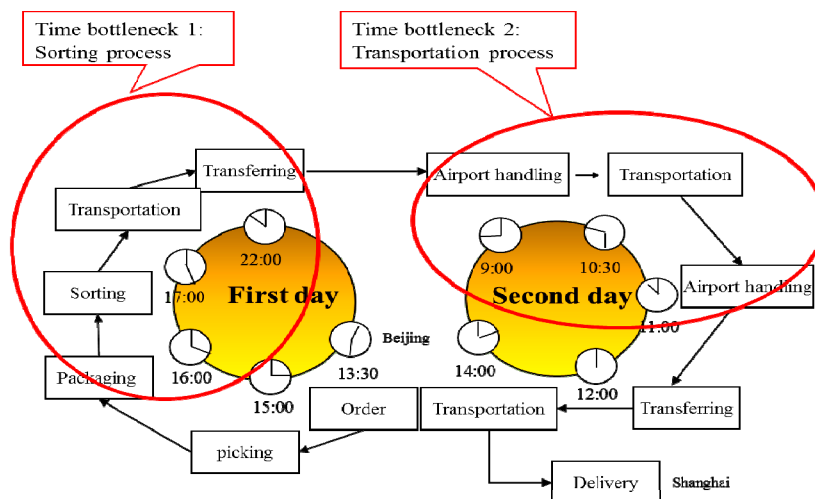


Figure 2: The time analysis of the whole operation process.



The business success in express industry results from superior processes. Excellent process performance is based on effective design and management. As the market has undergone profound changes in the competitive environment, time-based competitive strategy and supply chain management triggered a new round of reengineering. In this new round of process reengineering, time will be an important indicator measured the efficiency of supply chain operations (Qunli Shen, 2007).

The main steps of the process are ①customers determine their needs of express; ②order services; ③picking up the express; ④transfer orders and transportation; ⑤sorting and transshipment; ⑥arrival of expresses and delivery. After classification and integration, we divide the process of express operation into six major parts: ordering process, picking process, sending process, transferring process, arriving process and delivery process. Optimizing every process can fundamentally strengthen the operational capacity and enhance the overall competitiveness of express delivery enterprises.

Starting from process optimization face to time, it points out goals and meaning of the competition for time by analysing the time value of processes. Shown in Figure 2, the time analysis of the whole existing operational processes can obtain two main bottleneck of time: sorting process and transportation process. When we develop a strategy, the time bottleneck should be considered. Breaking two time bottleneck will improve efficiency and the level of quick response to the outside.

#### 4.2 Optimizing Customer-centric Services

In 1993, George • Stoke published an article which reviewed their own 89-theory in the "Harvard Business Review". He proposed Japanese companies had been to the dark side because of the blind pursuit of time with time-based competition. It leads to the increase in cost and the lack of market reaction, especially the inadequate response to customer demand. Therefore, optimizing customer-centric services is the second aspect to the time-based competition. Customers are the basis for the development, so that the express company must provide customers with convenience, and maximize the value of customers.

In time-based competitive environment, with the rapid changes in customer demand diversification, customer loyalty and brand no longer exists. The customer will tend to the competitors who can be

faster to meet customer needs and maximize the value of them. Therefore, express delivery enterprises should be based on customer-oriented in order to quickly and accurately understand their real needs and potential needs. At the same time, but also as far as possible to provide added value to customers so that their needs can gain the greatest satisfaction.

## 5 CONCLUSIONS

Time reveals new opportunities for express companies to gain competitive advantages. After analysing the feasibility of time source based on VRIO, this paper confirms time-based competition can be a strategic weapon to gain success in express industry. The findings allow us to conclude that express delivery enterprises can be a time-based competitor by developing strategy with four connotations (time saving, precision control, quick response and customer-oriented) and two steps (time management of the whole operational process and the optimizing of customer-centric services). The main value added of this study is the development of time-based competition in express industry. Nevertheless, a more research is needed to develop this strategy tool. Future developments currently underway are aimed at investigating whether our conclusions can be extended, and an in-depth case-study is necessary.

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