5 China V USA Logistics Executive Summary

This paper is set out to provide a detailed comparison of logistics services between China and US based on the aspects of infrastructure and technology. First of all, infrastructure has a direct impact upon logistics companies' delivery methods. Due to China's commonly planned bike lanes among cities and widely built high-speed train rails connecting across provinces, the Chinese company, SF Express, has a slight competitive advantage over the American companies such as FedEx in terms of delivery service. For example, SF Express has started to run delivery experiments with high-speed trains which run at 50, 75, or 100 miles per hour. Meanwhile, a typical cargo train runs at an average speed of 27 miles per hour in US. When it comes to the second aspect: technology, both Chinese and American companies have emphasized on improving their logistics delivery systems. For example, IT services in logistics industries in both China and US follow similar stages which are product flow, information flow, ERP utilization, and money flow; of course there are some differences due to each company's local policies in China and US respectfully. Overall, China has a higher logistics cost sitting at 18% of her GDP while US has an average of 8.5% of her GDP cost respectfully. In addition, logistics industries in both countries have similar delivery capabilities and drive towards the same direction of future logistics. Both China and US has invested heavily on trending technologies such as AI, autonomous driving, and drone delivery services. For instance, the Chinese company, SF Express, has consistently been hiring for AI engineers; the average base salary of these positions are typically three times more than software engineers excluding bonuses and stock options. Similarly Amazon has consistently been investing on its drone delivery project, hiring machine learning talents.

In short, there are two key suggestions which this report would like to recommend to logistics companies. The first advice is the importance of the infrastructure factor when it comes to OP. This factor determines the time and financial cost of logistics delivery service. The second advice is the importance of technology investment. IT infrastructure provides competitive advantages by improving a company's OP efficiency. Logistics companies should research into areas such as drone, autonomous driving and AI; companies should try out some experimental projects. It is worth mentioning that often the first industry innovator has a higher impact in helping policy makers to set regulations.