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Study on the Motives and Performance of J&T Express's Acquisition of Best Express from a Value Chain Perspective

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Abstract

China's express delivery industry faces intense competition, where persistent price wars have driven down profit margins, adversely affecting both corporate sustainability and sectoral development. In this context,mergers and acquisitions (M&A)have emerged as a strategic pathway to mitigate price-based competition. Against this backdrop, J&T Express's acquisition of Best Express's domestic operations for RMB 6.8 billion (≈USD 1.06 billion) stands as anindustry-defining event. Grounded invalue chain theory, this study investigates the motives behind J&T Express's acquisition of Best Express and evaluates its post-acquisition performance using integratedfinancial and non-financial metrics. The findings reveal that the acquisition was primarily driven byvalue chain integration needs, aiming to enhanceend-to-end competitivenessthroughresource complementarity, network optimization, andcost synergies. Post-acquisition, J&T achieved measurable improvements across both financial and operational dimensions. However, challenges persist inintegration risks, debt structure imbalances, andtechnological synergy gaps. This research demonstrates howresource integrationenables firms to achievehigh-quality developmentin anon-price-based competitionenvironment. It proposes actionable optimization strategies, offering theoretical and practical insights forvalue chain reconstruction and M&A strategy designin the logistics industry.

Keywords

Value Chain; Acquisition Motives; M&A Performance.

1. Introduction

With the development of technology and changes in demand structure, the express delivery industry is experiencing fierce competition and major changes. Due to the increasingly white-hot price competition, market regulators to increase the rectification of disorderly price war, industry integration wave accelerated, corporate mergers and acquisitions gradually become a breakthrough in the homogenization of the competition dilemma, reconstructing the value creation system of the important strategic choice. The case of merger and acquisition between J&T Express and Best Express was born under the background of such industry evolution.

Founded in 2015, J&T Express has rapidly emerged in the global express delivery market thanks to its strategy of rapid expansion at low prices and efficient operation model, but the low price strategy has not only squeezed the industry's profit margins, but also put huge financial pressure on itself.And Best Express was founded in 2007, with its supply chain management and technological innovation, has accumulated rich experience in the fierce market competition.However, in the face of fierce competition in the market and changes in regulatory policies, Best Express is also facing tremendous financial pressure and market challenges. Against this backdrop, J&T Express announced in October 2021 the acquisition of the domestic express business of Best Express for a transaction consideration of RMB6.8 billion. This acquisition not only marks an important reshuffle in China's express delivery industry, but

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also provides J&T Express with an opportunity to rapidly expand its market share and enhance its overall competitiveness.

Based on Michael Porter's (1985)[1] value chain theory, this paper further refers to the multidimensional quantitative analysis of Wanlu Dong et al. (2023)[2], and the empirical study based on the value chain theory of Rui Zhu and Jing Wei (2023)[3], to analyze in-depth the motivation of J&T Express's merger and acquisition of Best Express as well as the impact of the merger and acquisition on its performance, and to explore how to optimize the enterprise value chain and synergies through M&A, providing a new perspective for understanding M&A in the express industry.

2. Company Introduction and M&A Background

2.1. Introduction of J&T Express

J&T Express is a global integrated logistics service operator founded in 2015 in Jakarta, the capital of Indonesia, with its early business centered on the Southeast Asian market. Its business covers express delivery, cross-border logistics, supply chain management and digital solutions. Through vertical integration of value chain resources and globalization M&A strategy, it has rapidly built an integrated logistics network covering 13 countries in Asia, the Middle East and Latin America.In March 2020, J&T Express officially entered the Chinese market by acquiring a domestic express license through the acquisition of Shanghai Longbang Express. With its low price strategy and Pinduoduo's business tie-up, J&T Express's daily unit volume exceeded 20 million pieces within a year, approaching the level of Jingdong Logistics, and its market share quickly rose to about 7%, ranking sixth in the domestic express industry. Nearly 2 years after merging with Best Express, J&T Express was listed on the main board of theThe Stock Exchange of Hong Kong Ltd on October 27, 2023, and the analysis in this article focuses mainly on its domestic business.

2.2. Introduction of Best Express

Best Express formerly known as Huitong Express, the company was founded in 2007, started with supply chain business, listed on the New York Stock Exchange in the United States in 2017, is a supply chain solution and logistics service provider integrating express, express transportation, warehouse and distribution supply chain management, international and cross-border e-commerce logistics and other business segments. In the fierce market competition, Best Express has faced great challenges.In the first half of 2021, Best Express's market share was only 8.2%, nearly 21 percentage points different from industry leader Zhongtong Express. Due to the long-term strategy of price for volume, Best Express has been under tremendous financial pressure, and the impact of the COVID-19 pandemic has worsened its financial situation again[4], with losses totaling 5.369 billion yuan from 2016 to 2021. Intense market competition and financial pressure prompted Best Express to eventually sell its domestic express business.

2.3. Background of the acquisition of Best Express by J&T Express

After J&T Express entered China in 2019, it relied on a capital-driven low price strategy to quickly open up the market, with the price of a single ticket about 30% lower than the industry's average price, and it took only one year for its daily unit volume to exceed 20 million pieces. The China Post Bureau data show that the average cycle of traditional courier enterprises from the creation of the daily single volume exceeded 20 million pieces of 9.3 years. This aggressive expansion strategy, although quickly seize market share, but triggered the industry's first round of systematic price wars, directly leading to the 2020 express industry average single ticket revenue fell 16.7%.At the same time, Best Express with intelligent sorting system and cloud warehouse technology to build differentiated competitiveness, but due to the continuous

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price war caused by the single ticket revenue below the cost line, losses for many years, caught in the “technological advantage is difficult to realize” predicament[5].

Dramatic changes in the policy environment have accelerated the process of industry reshuffling.Since 2021, a series of regulatory policy documents for unfair competition in the express delivery industry have been issued one after another. For example, in July 2021, *Regulations on Administrative Punishment for Price Violations* issued the Provisions on Administrative Penalties for Price Violations, which brought price competition in the express delivery industry into the scope of supervision and further increased regulatory efforts. Against this background, J&T Express acquired Best Express' domestic express business for RMB 6.8 billion on October 29, 2021, not only obtaining Best Express' 49,000 terminal outlets and 90 intelligent distribution centers covering the whole country, but also undertaking 12% of the logistics entrance share of Taobao & Tmall E-commerce. The merger marks an important reshuffle in China's express industry, and also promotes the industry CR_8 concentration index to 86.3%, the market pattern tends to stabilize.

3. Analysis of the Motivation of J&T Express' Acquisition of Best Express from the Perspective of Value Chain

Regarding the motive of its merger and acquisition, Suzhou Fan, Executive President of J&T Express, said, "Best Express has good infrastructure and excellent franchisee network resources. This acquisition complements each other's strengths and can optimize the end network layout of both parties in the Chinese market, promote the refined operation of the network, provide customers with better quality services, and promote the healthy and benign growth of the industry." This article systematically explains the motives of M&A through the decomposition of the value chain, combining policy, competition, business synergy and other dimensions.

3.1. Internal Drivers

1) Upstream of the value chain--Infrastructure and technology complementation: Best Express' supply chain management experience (e.g., smart supply chain services) and automated sorting equipment quickly make up for the shortcomings of J&T Express' infrastructure, and also complement its low-cost operation model to reduce the cost of a single ticket.Best Express' intelligent routing planning system also complements J&T Express' Southeast Asian cross-border logistics technology to enhance transportation efficiency.

2) Middle of the value chain--business synergies and traffic portal expansion. J&T Express relies on Pinduoduo orders, accounting for more than 60% of the total, while Best Express introduces diversified orders through the Tao system portal, reducing the risk of single-platform dependence. After the merger, the integration of the two sides' mainline transportation vehicles and aviation resources will help improve capacity utilization.

3) Downstream of the value chain--customer service and brand upgrading.Best Express' supply chain solutions, such as customized services for the footwear and apparel and FMCG industries, can help J&T Express expand its corporate clients and enhance its service premium. At the same time, J&T Express and Best Express are retained as dual brands, utilizing the high-end reputation of Best Express and the cost-effective positioning of J&T Express to cover different customer groups.

3.2. External Drivers

1) Industry competitive pressure and market concentration trend. China's express delivery industry has been in a state of intense competition for a long period of time, with headline companies such as ZTO Express,STO Express and SF Express dominating the market. In contrast, the respective market shares of J&T Express and Best Express before the merger were relatively

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limited, with J&T Express having a market share of approximately 6% and Best Express approximately 8% in 2021.After the merger and acquisition, the two sides formed scale advantages through the integration of resources, market share increased to 14%, directly challenging the industry's first tier, industry influence significantly increased. In addition, the National Postal Bureau's tightened regulation of low price competition, such as the anti-low price dumping policy in 2021, forcing enterprises to shift from price competition to service competition, and M&A has become a key strategy for J&T Express to avoid policy risks and enhance its service capability.

2) E-commerce sinking market and logistics network demand upgrade.With Pinduoduo and Taobao & Tmall E-commerce sinking into third- and fourth-tier cities and rural markets, express delivery companies need to rapidly expand the coverage of terminal outlets.Best Express has about 49,000 terminal outlets and 90 transit centers nationwide to make up for the shortcomings of J&T Express' logistics network, which will help J&T Express quickly penetrate the county and township markets through mergers and acquisitions and satisfy e-commerce's demand for a high-density logistics network.In addition, Best Express' cloud warehouse system can handle up to 120 million orders per year, providing J&T Express with the supply chain management capabilities to support it in taking on more B-side customer orders.

3) Wave of industry consolidation driven by policy and capital.From the policy perspective, the wave of industry consolidation is highly compatible with the direction of government regulation.In 2021, the State Post Bureau issued the Implementation Opinions on Advancing the Pilot Project of 'Two Inlets and One Outlet' Initiative, which explicitly required to enhance industrial concentration through merger and reorganization, and to cultivate 3-4 first-tier express delivery enterprise groups with international competitiveness with an annual business volume of more than 15 billion pieces.Express industry in the capital driven by accelerated integration, such as January 2021, YUNDA shares in Deppon Logistics, February 2021 SF Express Holdings Kerry Logistics, J & T Express merger and acquisition of Best Express also follow this trend. Alibaba as Best Express shareholders, through mergers and acquisitions to make J&T Express indirectly through the Taobao & Tmall E-commerce entrance, breaking through the original flow restrictions, the formation of "capital + business" two-way synergy[6].

4. Performance Analysis of J&T Express Acquisition of Best Express based on Value Chain Perspective

The success of M&A is not only reflected in the change of figures on the financial statements, but also in whether companies can realize business synergies and sustainable development on the non-financial level.Therefore, this paper will analyze in detail the impact of M&A on its performance in terms of both financial and non-financial indicators.Meanwhile, the selection of ZTO Express as a comparator centers on the high degree of comparability of its business model and financial performance with J&T Express, while taking into account industry representativeness and data integrity.In addition, individual figures for 2020 are missing as J&T Express will not be listed in Hong Kong until 2023.

4.1. Financial Indicators

On the basis of Kaixi Zhu's (2001) four-dimensional analysis framework of "profitability, solvency, operating capacity, and growth capacity", Shan Sun's (2021) value chain analysis perspective is introduced to systematically quantify the impact of mergers and acquisitions (M&A) on the synergies of J&T Express's resources and the improvement of its efficiency[7].

4.1.1. Profitability Analysis

In this section, gross sales margin, operating margin and total net assets margin are selected to measure the change in profitability as a result of J&T Express' acquisition of Best Express.

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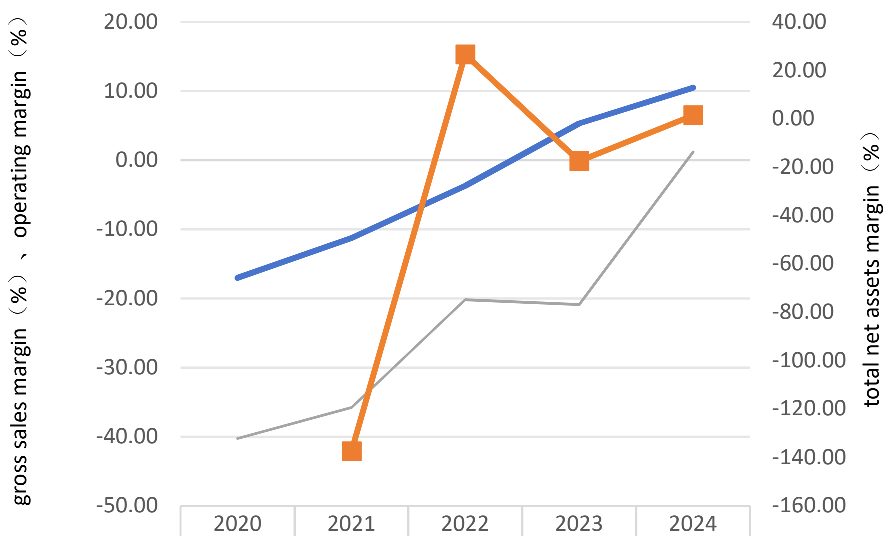

	2020	2021	2022	2023	2024
gross sales margin(%)	-17.03	-11.23	-3.72	5.34	10.51
operating margin and (%)	-40.27	-35.80	-20.19	-20.87	1.22
total net assets margin(%)		-137.62	26.54	-17.56	1.45

Source: J&T Express Annual Report

Figure 1. Comparison of profitability before and after merger and acquisition

According to Figure 1, gross sales margin improved significantly from a loss to positive growth.J&T Express' early losses were related to its rapid market share capture through its low price strategy.The turnaround of sales gross margin in 2023 was benefited from the resource integration after the acquisition of Best Express, such as the sharing of distribution centers and the optimization of end outlets, overlaid with the easing of the industry price wars. 2024 saw a significant improvement, with the cost of a single ticket declining by approximately 11.8% to $0.30 according to the J&T Express annual report.Revenue due to Taobao & Tmall E-commerce order import, cross-border logistics and other high value-added business accounted for an increase. Total assets net margin fluctuation is more dramatic. Post-merger asset revaluation resulted in an abnormally high value of 26.54% in 2022.M&A integration costs such as staff optimization, system upgrades make the total asset margin turn negative again to -17.56% in 2023. 1.45% in 2024, slightly positive, indicating that the efficiency of asset use began to improve, but the absolute value is still low. In summary, the overall trend of profitability indicators after J&T Express' acquisition of Best Express is positive.

4.1.2. Solvency Analysis

In this section, three indicators, gearing ratio, current ratio and quick ratio, are selected to reflect the solvency of J&T Express after the acquisition of Best Express.

According to Figure 2, J&T Express's quick ratio is close to the current ratio due to a very low percentage of inventory, with cash reserves being the primary driver.The two ratios continue to rise from 2020-2021 due to J&T Express actively reserving cash for the Best Express acquisition.The ratio peaks in 2022, when post-acquisition J&T Express acquires 3.379 billion in Best Express cash equivalents after the acquisition. 2023-2024 As J&T Express assumed Best's original debt after the merger, borrowings surged from $1.3 billion to $4.62 billion in 2023, while expenditures such as integrating the network, layoff compensation, and system upgrades accelerated cash consumption. Gearing ratio soared to 201.4% in 2021, resulting in an insolvency situation, which was directly attributable to the large amount of goodwill and liabilities arising from J&T Express' merger and acquisition of Best Express, superimposed on the price war that led to the shrinkage of net assets. 2023 saw a sharp drop in the ratio to

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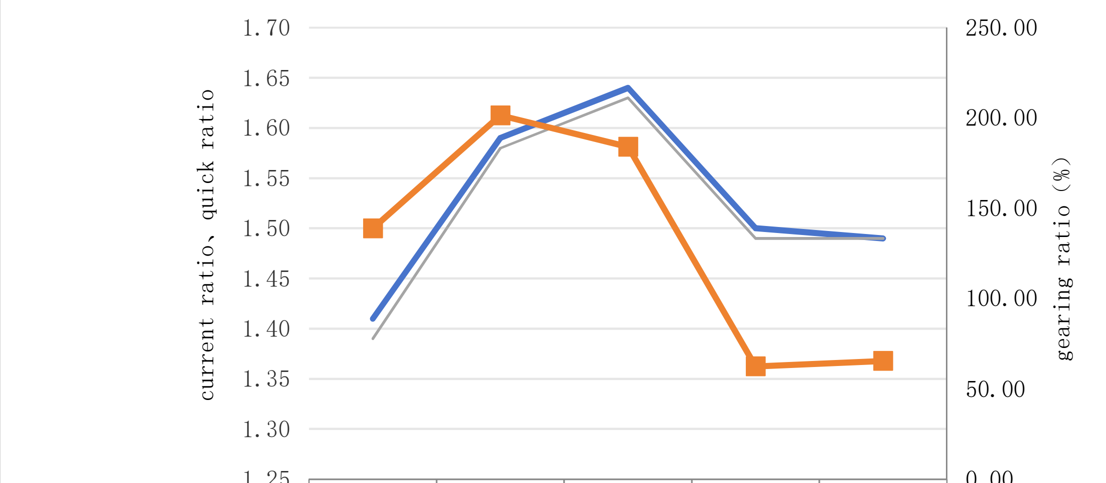
62.44%, which was attributable to the HK$3.5 billion raised from J&T Express' listing in the Hong Kong stock market, equity financing Significantly reduced the leverage ratio and got out of the predicament of insolvency and optimized the capital structure. However, compared to ZTO Express' interest-bearing debt ratio of 12.4%, J&T Express' interest-bearing debt ratio of 38.7% suggests that there is still compounding risk, and therefore effective measures need to be taken to reduce the cost of debt.



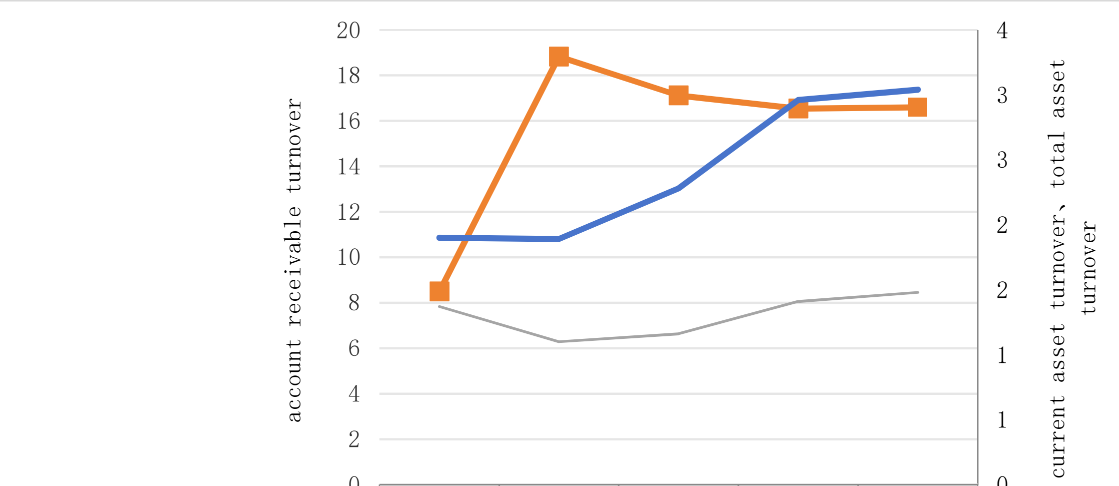
	2020	2021	2022	2023	2024
current ratio	1.41	1.59	1.64	1.50	1.49
quick ratio	1.39	1.58	1.63	1.49	1.49
gearing ratio(%)	138.81	201.40	183.97	62.44	65.42

Source: J&T Express Annual Report

Figure 2. Comparison of solvency before and after M&A

4.1.3. Operating Capacity Analysis

In this section, three metrics have been selected to reflect J&T Express' operating capacity: accounts receivable turnover, current asset turnover, and total asset turnover.



	2020	2021	2022	2023	2024
accounts receivable turnover	8.49	18.82	17.12	16.54	16.60
current asset turnover	1.9	1.89	2.28	2.96	3.04
total asset turnover	1.37	1.10	1.16	1.41	1.48

Source: J&T Express Annual Report

Figure 3. Comparison of Operating Capacity Before and After Merger and Acquisition

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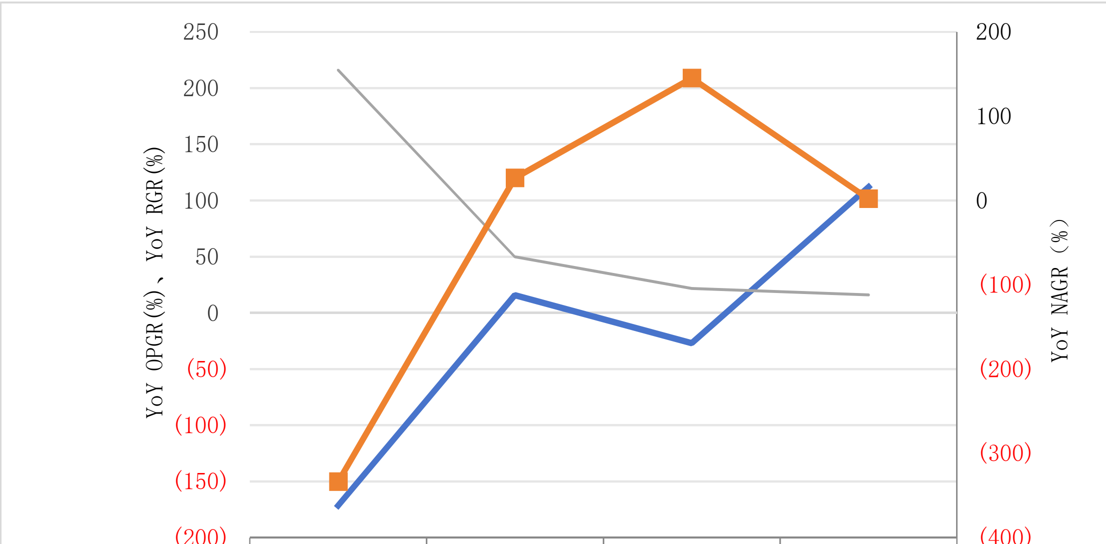
According to Figure 3, the lower accounts receivable turnover in 2020 was due to J&T Express generating long-term accounts receivable from heavily subsidized merchants during the start-up period; and also the stagnation of paybacks due to the suspension of shipments in some regions during the epidemic period. The acquisition of Best Express in 2021 partially offset the accounts receivable. 2022 introduction of long lead time Taobao orders, business scale expansion, turnover rate fell back, the narrowing of the rate of decline reflects its completion of customer structure optimization. Pre-merger current asset turnover is low, with 58% of money funds in 2021 due to J&T Express hoarding cash in preparation for mergers and acquisitions. After the merger and acquisition, cash redundancy is eliminated, the proportion of money funds declines to 32% in 2024, and the inventory turnover ratio speeds up from 112.63 times in 2020 to 325.7 times in 2024, with an optimized current asset structure. Total asset turnover was low in 2021, again due to large pre-acquisition cash reserves. With the release of fixed assets after the merger and the divestment of redundant assets, the total asset turnover ratio has steadily rebounded, reflecting the efficiency replacement achieved by the merger.

4.1.4. Growth Capacity Analysis

In this section, three indicators are selected to measure the growth capacity of J&T Express: year-over-year operating profit growth rate(YoY OPGR), year-over-year revenue growth rate(YoY RGR), and year-over-year net asset growth rate(YoY NAGR).



	2021	2022	2023	2024
YoY OPGR(%)	-171.62	15.64	-27.13	111.92
YoY RGR(%)	215.99	49.79	21.77	15.93
YoY NAGR(%)	-334.06	26.46	145.06	2.07

Source: J&T Express Annual Report

Figure 4. Comparison of growth capacity before and after M&A

According to Figures 4, operating profit is impacted by M&A integration, with M&A integration costs of $420 million per annum dragging down margins in 2021-2022, and another decline in 2023 due to the impact of the international market and amortization of listing costs. 2024 Intelligent cost reduction and M&A synergy release drive strong profit rebound, Taobao & Tmall customers contribute 35% of profit. M&A-driven operating income in 2021 surged 215.99% year-on-year, far exceeding ZTO Express' revenue growth rate of 20.6%; while the domestic market is saturated after the merger and acquisition, the domestic market share fell to 11.3%, and the single-ticket revenue was RMB 0.89, compared with ZTO Express' RMB 1.12,

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and the price competition suppressed the quality of earnings. The plummeting growth rate of net assets per share in 2021 is due to goodwill of $5.22 billion arising from mergers and acquisitions, superimposed on the impact of the price war, resulting in net assets shrinking to -$3.26 billion; the year-on-year growth rate of soaring 145.06% in 2023 is due to the Hong Kong IPO raising $3.528 billion; in 2024, due to the increase of net assets on the books by 8.2% to $12.28 billion but the simultaneous increase of share capital by 5.9% to 12.5 billion shares, resulting in only a slight increase of 2.07% in net assets per share.

In summary, J&T Express has achieved a leap in scale through mergers and acquisitions, but capital leverage overdraws shareholder value, losses in the early stages of internationalization and the effect of equity dilution constitute a triple suppression, and J&T Express should focus on the transformation of the quality of operations.

4.2. Non-financial Indicators

The non-financial performance of J&T Express' acquisition of Best Express reflects the upstream, midstream and downstream of the value chain, and the non-financial performance releases value ahead of financial metrics, and its value even exceeds the short-term financial metrics, laying the foundation for long-term competitiveness[8].

1) Upstream value chain integration - infrastructure co-construction and technology synergy. In terms of infrastructure, the first is the improvement of network coverage, after the merger and acquisition of county and township outlets increased from 32,000 to 58,000, the coverage rate rose from 75% to 92%, to fill the “last kilometer” blind spot, and now remote areas such as Nagchu in Tibet, Yushu in Qinghai and other remote areas have realized the first pass.The second is the optimization of network density. The service radius of county and township outlets has shrunk from 15 kilometers to 8 kilometers, and the average daily delivery time limit in rural areas has shrunk from 72 hours to 48 hours, supporting the upward demand for agricultural products of Pinduoduo and Jitterbug e-commerce companies, and the share of express delivery of agricultural and specialties will reach 18% in 2024. After the merger and acquisition of high-density network to reduce the cost of a single ticket end distribution of 0.12 yuan, the average cost of rural pieces of 1.1 yuan per piece in 2024, for the first time lower than the urban pieces of 1.3 yuan per piece. At the same time fits the national “express into the village” project, 2023 local government network construction subsidies of more than 270 million yuan, access to policy dividends. However, there are some problems, such as high mobility of franchisees in township outlets, the annual turnover rate of up to 25%, but also need to strengthen the interest binding mechanism.

Technology integration allows J&T Express and Best Express to complement each other's systems and promote system upgrades. Best's “Kunpeng” intelligent order distribution system, in Taobao & Tmall order matching accuracy of up to 99.2%, and J&T's “JMS” routing system integration, to achieve the whole network dynamic routing planning, the number of inter-provincial piece transfers was reduced from 2.8 to 2.1; And after merging the two data sources, AI cargo volume prediction accuracy increased from 78% to 92%, and vehicle idling dropped to 9% in the peak season of 2024, compared to the industry average of 15%.

Table1. Changes in technical indicators

Technical indicators	pre-merger (2021)	integrated (2024)	ZTO Express (2024)
Sorting automation rate	35%	75%	85%
Route planning response speed	30 minutes	8 seconds.	6 seconds.
cross-border customs clearance digitization rate	48%	93%	78%

Source: WIND database

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In addition, the sorting automation rate, routing planning response speed, and cross-border customs clearance digitization rate of J&T Express have been improved accordingly, using Table 1 as an example and ZTO Express as a reference.

2) Mid-range value chain reconstruction - business network synergy and human resources optimization and integration. In terms of business network, J&T Express took over the Taobao & Tmall E-commerce portal after the acquisition of Best Express, acquiring an average of 12 million Taobao & Tmall E-commerce orders per day; Pinduoduo's order share rose from 18% to 33%; TikTok's “minute fulfillment” order volume exceeded 2 million orders per day in the second quarter of 2024. In terms of talent pool, J&T Express retained the core talent of Best Express. 78 executives from Best were transferred to J&T Express, including the heads of supply chain, IT, and international business, and 23 of them were on the group's decision-making committee. At the same time, J&T Express implemented “cash + equity + project dividends” compound incentives, key talent turnover rate from 18% to 6%. In addition, J&T Express leveraged Best Express' proven management system to increase the number of outlets managed by management per capita from 350 to 620, a 77% increase in per capita efficiency.

3) Downstream value chain upgrade - customer service optimization and brand value precipitation. J&T Express service stability jumped and customer satisfaction increased after the merger. In the early stage of the merger and acquisition, due to the sensitive switching costs of Taobao & Tmall merchants, in order to avoid the loss of customers, we will maintain the dual-brand operation of “J&T Express+Best Express” in 2022-2023. After that, the customer service system, claims standards, and routing network were fully merged. According to the data released by the Postal Service, the J&T Express complaint rate in 2024 dropped by 41% year-on-year; the on-time rate of signing and receiving was increased from 89% to 96%; the breakage rate was reduced from 0.15% to 0.07%, which was lower than the industry average of 0.12%; and the on-line of the Intelligent Work Order System made the customer service response speed shrink from 90 seconds to 22 seconds.

5. Deficiencies and Recommendations of J&T Express' Acquisition of Best Express

5.1. Deficiencies in M&A integration

Despite the success of J&T Express' acquisition of Best Express, the following issues remain in the integration process:

1) Integration risks have not been fully resolved and there are regional differences in operational efficiency. Despite the overall improvement in network coverage and sorting efficiency, regional synergy is still uneven. J&T Express is lagging behind in end point consolidation in Tier 3 and Tier 4 cities, with only 68% end point consolidation in South China in 2024, compared to 92% in East China. In addition, friction exists in the integration of Best Express' original franchisees with J&T Express' management system, with fluctuations in service quality in some regions and a 15% year-on-year increase in complaints in the western region in 2023, suggesting that its management standards have not been fully harmonized.

2) Debt structure optimization relies on external financing and earnings sustainability is in doubt. Despite a significant drop in gearing after the IPO in 2023, gearing rises back to 65.42% in 2024, significantly higher than ZTO Express' gearing of 32.5% for the same period. J&T Express relies on external financing to drive scale expansion, while high debt ratios have led to a 16.7% year-on-year surge in interest expense to $338 million, eating up part of operating profit. On the other hand, ZTO Express focuses on operating cash flow and equity financing, and the new debt in 2024 will only be used to optimize the asset structure, resulting in an 8.9% decline in unit transportation costs. In addition, J&T Express operating margin was only 1.45% in 2024, while ZTO Express operating margin was 14.2%.

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3) The depth of technological synergy is insufficient, and some segments still lag behind the head enterprises. J&T Express sorting equipment and algorithm synergy rate is only 70%, dynamic weighing, chip tracking and other ZTO Express standard technology has not yet been fully deployed, while ZTO Express AI algorithm and sorting equipment linkage rate is as high as 95%. And J&T Express core algorithms such as dynamic routing planning autonomy rate is only 60%, partially dependent on third-party technical services.

4) Brand positioning is vague, and the synergistic effect of the two brands has not been fully released. The positioning of the “J&T Express” and “Best Express” brands overlapped, leading to the dispersion of resources. In the high-end market, Best Express brand premium ability has not been fully utilized, corporate customers accounted for only 12% in 2024, lower than ZTO Express's 18%; while in the sinking market, J&T Express's price-performance advantage has been eroded by emerging courier companies in some regions, and Pinduoduo's order share fell back to 28% in 2024.

5) Policy dependence and market concentration risk highlights.J&T Express' county and township network expansion is highly dependent on government subsidies, accounting for 18% of net profit in 2023, which may increase financial risk if subsidy policy is adjusted. At the same time, e-commerce platform traffic concentration intensified, 2024 Taobao & Tmall & Pinduoduo orders still accounted for more than 70%, platform rule changes may pose a threat to the stability of the business.

5.2. Optimization Recommendations

1) Deepen regional integration and strengthen franchisee ecological governance. On the one hand, we can promote the standardization of outlets at different levels. For the integration of lagging regions such as South China, Western region, the development of differentiated assessment program, through the “headquarters direct management + regional supervision” mode to accelerate the management standard landing. On the other hand, you can improve the franchisee incentive mechanism. Promote the “equity binding + profit sharing” model, the stability of the network into the dividend assessment, to reduce the annual turnover rate to less than 15%.

2) Optimize the capital structure and enhance the quality of earnings, J&T Express also needs to expand diversified financing channels, such as the issuance of green logistics bonds or REITs to revitalize fixed assets and keep the gearing ratio below 60%.

3) Increase investment in technological autonomy and build a digital moat.J&T Express can set up a joint research and development center to focus on the development of dynamic routing algorithms and automation equipment in order to improve the picking automation rate and the rate of algorithmic autonomy; build an all-links data middle office to integrate the order, transportation, and customer service data of J&T Express and Best Express and achieve AI-driven real-time decision-making and reduce the system mismatch rate.

4) Clearly define the division of labor in the brand matrix and explore the value of market segments. Dual-brand positioning needs to be differentiated, “Best Express” focuses on supply chain solutions for the footwear and apparel and FMCG industries to increase the proportion of target corporate customers; “J&T Express” focuses on cross-border logistics and e-commerce sinking markets to create a “24-hour delivery” rural network label. J&T Express“ focuses on cross-border logistics and the sinking market of e-commerce, creating a ”24-hour access" rural network label. In addition, we can also incubate vertical sub-brands, targeting pharmaceutical logistics, cold chain and other high value-added tracks, and independently operate the brand to avoid dilution of the main brand perception.

5) Reduce external dependence and build resilience to cycles. J&T Express can expand non-e-commerce logistics, develop factory warehouse direct distribution model in conjunction with manufacturing customers, and increase the proportion of non-e-commerce orders.J&T Express

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can also strive for long-lasting policy support, such as tax breaks, by laying out policy alternative resources.

6. Conclusion

The acquisition of Best Express by J&T Express is a typical strategic attempt to shift from a “weak alliance” to a “scale breakout”, with significant results in infrastructure, technology synergy and market coverage, but the depth and sustainability of the integration still need time to be tested. In the future, J&T Express needs to continue to make efforts in the refinement of operations, technological autonomy and ecological co-construction, in order to stand firm in the express industry with the intensification of the head effect, and realize the leap from “scale growth” to “value creation”.

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