

# Investment strategy based on perception to a trend research paper sample

[Business](#), [Industries](#)



Globalization has made drastic changes in the world. Globalization has encouraged investors to capitalize on opportunities regardless of geographic borders and cultural differences. Expanding a business to other parts of the world and offering goods and services to consumers around the world have become a reality today with globalization. Different organizations and government have capitalized on different opportunities to its fullest created by globalization. Globalization has created many new opportunities that have been exploited by different local as well as foreign investors in different parts of the world. Globalization has several benefits and it has helped the world economy to grow. This paper analyzes one of the investment opportunities that have been created because of globalization and that investors around the world have not capitalized appropriately and not taken its full advantage. The paper discusses about logistics industry of China which has been showing constant growth despite of the world economy suffering from recession.

Globalization has created many jobs and it has given the opportunities to many businesses to expand their products and services and offer their products and services to the whole world instead of just restricting to one country only. Globalization has encouraged many new investors to invest in different parts of the world and it has been said that globalization has made the world a global village. Globalization has also helped several developing and third world countries as investors from developed countries and large multinational corporations have invested and expanded their businesses to these countries. Moreover, some companies have shifted their production department or other departments to these developing countries and it has

helped in creating more jobs in these countries. In addition to this, globalization has encouraged more businesses to come up and this has improved the level of competition within industries as well as helped economies to grow (Intriligator, 2003). Furthermore, with increasing globalization many countries including third world countries have been able to receive higher Foreign Direct Investment (FDI). All these changes have helped businesses to grow and it has given the opportunity to logistics industry around the world to grow and reveal how important the logistics industry can be. As businesses in third world and developing countries have been growing because of globalization, it has encouraged many businessman and investors to invest in logistics industry as organizations around the world have realized the importance of strengthening their supply chain and logistics. Therefore there has been an increasing opportunity created in the logistics industry around the world particularly in countries where investors have invested and different multinational corporations have expanded their services.

China has become one of the major business hubs of the world and many businesses have already invested or are planning to invest in China, therefore making investment in China can be a fruitful strategy. The following graph shows that China contributes 17% of the global GDP (A. T. Kearney, 2011) and this shows how important China is in the world economy.

(A. T. Kearney, 2011)

There has been a significant growth in the logistics industry internationally. It has been found that the value of logistics industry of the world would surpass 3.5 trillion USD. Logistics market of China is also growing at an

increasing rate and it has been estimated that it would reach \$450 billion (A. T. Kearney, 2011). Moreover, the logistics cost of a country would vary from 9% of the GDP to 20%. Therefore it shows how important logistics industry has become (Mitra, 2008). The logistics costs as a percent of GDP of China is 18% which is much higher than countries like US, Japan and European Union countries. The following graph reflects the logistics costs as a percent of GDP of different countries:

(KMPG, 2008)

It has been found that the logistics industry of China has been growing over the years. According to a research it has been found that the logistics industry of China has been growing and the following graph shows the growth that the logistics industry of China has observed.

(KMPG, 2008)

There are only a few firms in the international market that are dominating the market. The chart below shows that the world logistics industry is being dominated by Deutsche Post DHL and UPS, Deutsche Bahn and Fedex are the other three firms following.

(Datamonitor, 2009)

With the increasing concept of globalization, organizations have expanded and are expanding their products and services to different parts of the world. Moreover, the trend would continue to do so as organizations are continuously expanding their products and services in different parts of the world to improve their profitability. In order to make sure that these products

are services are reached by everyone in the world, the logistics industry has played a major role and considering the situation it would continue to play an important role in the years to come. Therefore it can be forecasted that the importance of supply chain management and logistics industry would further increase in future and these firms in the logistics industry would further grow and achieve more profits than they are earning today.

In order to formulate a successful investment strategy, it is important to analyze the market in which investment is being made. With the growing needs of logistics industry and organizations increasingly realizing the importance of having strong and proper supply chain management, it would be a good idea to invest in the logistics industry of China. The logistics industry of China has been growing and with increasing investment in the country, the industry is further expected to grow and therefore investment in Chinese logistics industry could yield high profits.

As the industry and country has been decided, it is time to identify the company to invest. Recently, United Parcel Service Inc. (UPS) and FedEx have been given the permission to go ahead and offer domestic express-package services and it has been expected that this would allow these companies to further expand and increase their profitability (Sechler, 2012). Moreover, as the neighboring countries like Vietnam are developing and growing therefore this could lead to much better future for these companies. So, UPS being the second most important logistics player in the world would be the choice for investment purpose.

## References

- A. T. Kearney. (2011). China 2015: Transportation and Logistics Strategies. Retrieved November 6, 2012 from <http://www.atkearney.com/documents/10192/74d60d15-dc42-48a3-8dc8-7a2297f0be22>
- Datamonitor. (2009). Global top 10 logistics companies: Industry financial and SWOT analysis. Datamonitor Report.
- Intriligator, M. (2003). Globalization Of The World Economy: Potential Benefits And Costs And A Net Assessment. Milken Institute, Retrieved November 2, 2012 from
- KMPG. (2008). Logistics in China. Retrieved November 6, 2012 from [http://www.kpmg.com.cn/en/virtual\\_library/Property\\_Infrastructure/LogisticsChina.pdf](http://www.kpmg.com.cn/en/virtual_library/Property_Infrastructure/LogisticsChina.pdf)
- Mitra, S. (2008). Logistics Industry: Global and Indian Perspectives. Retrieved November 6, 2012 from [http://www.ebtc.eu/pdf/Logistics\\_Industry\\_Global\\_and\\_Indian\\_Perspectives.pdf](http://www.ebtc.eu/pdf/Logistics_Industry_Global_and_Indian_Perspectives.pdf)
- Sechler, B. (2012). China Grants FedEx and UPS Domestic Service in Certain Cities. The Wall Street Journal. Retrieved November 6, 2012 from <http://online.wsj.com/article/BT-CO-20120910-710769.html>