

Alibaba Ties Up With Big Logistic Firms To Cut Shipping Costs For Exporters

Alibaba is entering into a partnership with major logistics and transportation companies like UPS, FedEx, Maersk and DHL to bring down the costs of overseas shipping faced by smaller Chinese exporters, according to the Chinese retailer. High logistics costs have been a dampening factor in cross-border trade for China's small and medium enterprises.



Alibaba works to cut high logistics costs

Shipping expenses come in at around 30% to 40% of the overall product cost in China, against 10% to 15% in developed countries, according to the China Federation of Logistics & Purchasing.

In the previous seven months, Alibaba group's International B2B site has talked about the partnerships with UPS and FedEx for express delivery, Maersk for container shipments, and DHL and Kuehne+Nagel for airfreight to fuel the cross-border logistics options available online through Alibaba's platform, according to China Money Network.

In December, Alibaba enabled its exporters to reserve space on Maersk container ships with the help of its OneTouch service. This facility offers services such as online booking on select routes between five Chinese ports and eight overseas destination ports. The partnership with Maersk helps resolve several challenges, such as unpredictable costs and booking cancellations, notes China Money Network.

Usually, container companies look for high-volume businesses, but Alibaba, which has about 150,000 members, primarily consolidates a large number of potential customers. In January, the company announced a cooperation agreement which aims to integrate members of the world's largest logistics network, WCA Ltd., with its platform.

More facilities for small and medium enterprises

At present, the e-commerce giant uses the service of more than 100 logistics companies and 1,700 freight forwarders. The online store has an international membership base primarily made up of Chinese manufacturers and suppliers that sell goods globally.

Alibaba.com is boosting its platform to “provide optimal, one-stop, door-to-door logistics solutions that connect China and the world,” according to Steve Su, its senior logistics expert. The company is coming up with solutions to streamline and make the process easier, cut costs and enable small and medium-sized exporters to access services at prices similar to what the big exporters enjoy, said Su. Once the shipping process is digitized, pricing will become transparent, and goods can be tracked online. Further, small exporters will be able to access data such as routing information. It will also help settle payments electronically within the system. Also logistics companies will have access to exporters' payment histories and other information provided to Alibaba to check their creditworthiness, notes China Money Network.