# Cainiao quarterly revenues soar on logistics expansion

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Alibaba Groupâ€™s logistics arm, Cainiao Network, increased revenue by 27% year-on-year (YoY) in the last quarter, with growth attributed to the expansion of its global logistics network, higher volumes and enhanced customer services.

In the quarter ended December 31, 2022, revenue from Cainiao, before inter-segment elimination, grew 17% year-over-year to RMB 23,023 million (US$3,338 million). Revenue from Cainiao, after inter-segment elimination, grew 27% year-over-year to RMB 16,553 million (US$2,400 million). According to Cainiao, growth was mainly due to an increase in revenue from domestic consumer logistics services due to a service model upgrade, which began in late 2021 to enhance customer experience, and due to international fulfilment solution services.

Cross border trade

During the last quarter, Cainiao strengthened its global logistics infrastructure by increasing the number of overseas distribution centres it has in its network to 15. The firm also established more overseas warehouses, and self-operated distribution and pick-up facilities. In Latin America, for example, Cainiao deepened its local logistics network by diversifying capabilities and resources in areas such as e-hubs, line-haul, sorting centres and last-mile network, among other things. Late last year, Cainiao unveiled bold plans for a nationwide logistics and delivery network in Brazil as part of its ambitious global expansion strategy, including boosting trade between China and Latin America.

Currently, Cainiao operates eight China-Brazil chartered flights per week, launched its distribution centre in São Paulo and runs a local delivery network that covers a majority of Brazil.

Meanwhile, in Europe, Cainiao has launched its distribution centre in Poland and embarked on logistics infrastructure development in Northeast Europe. Most recently, it has partnered with DHL to jointly invest in the establishment of the largest last mile logistics network in Poland.

Enhancing delivery experience

Cainiao has recently been working on improving its doorstep delivery service in

China to improve customer experience. During the 11.11 Global Shopping Festival period, peak daily doorstep deliveries exceeded 18 million, including those delivered directly to door or through Cainiao Post, the firm noted.

"The emphasis on doorstep deliveries has set an industry benchmark and serves as a key differentiator in the Chinese courier industry," Cainiao said.

During 11.11 Cainiao also introduced and expanded doorstep deliveries with free assembly services, reducing delivery time for large, bulky goods by up to three days across 70 Chinese cities.

Meanwhile, to address the challenge of surging demand during sale season for beauty brands, Cainiao offered country-wide deliveries via multiple domestic warehouses to increase overall delivery timeliness by 10%. For fragile goods in industries such as food and beverage, Cainiao has reduced breakages and damages through self-operated deliveries to safeguard service quality.

Source: CEP-Research


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